

**History, Structure and Policy -  
An Organisational Study of the Public  
Employment Services**

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## Foreword

It is quite wonderful to have finished this study, and there are many to whom I owe my thanks.

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## 1. THEME AND RESEARCH QUESTION

Societies are becoming increasingly differentiated. Formal and complex organisations have replaced the previously pyramidal society in the management of exchanges and the co-ordination of various interrelated enterprises (Sabine and Thorson, 1973). The form and management of organisations has not remained static either. They are subject to significant reformation as perceptions of efficient organisations change over time and in tact with contemporary developments in society. Consequently, fiscal pressures, ideological and political mores affect societies' perceptions of how organisations should be, from their blueprint to their goals.

Today, this means that public administrations are being affected by a cluster of popular reform ideas in international discourse that stem from the political and economic new liberalism of the 1970s. These ideas counter the traditional, bureaucratic public administration and present new solutions based on market management, comprising the various elements of what is now called the New Public Management (Hood, 1991; Walsh, 1995; Olsen and Peters, 1996). NPM introduced features of market mechanisms to the running of public service organisations (Walsh, 1995) and ideals such as contracting, devolution and performance measurement. Citizens are consumers (Christensen and Lægheid, 1998), while reform rhetoric consisting of cost-cutting, efficiency and modernisation abounds. Some argue that these reform movements are decontextualised and that various countries share isomorphic features. However, many believe that differences do exist and that reforms are translated or even resisted by organisations, through their history, traditions, culture, values and norms. This configuration of both traditional and newer management practices results in a dynamic process, as organisations endeavour to maintain traditional patterns or reorient themselves towards a new archetype (Borum and Zeuthen Bentsen, 1999:247).

The Norwegian administration has also undergone similar reform processes. The economic slowdown of the 1980s meant that the public sector needed to be reformed. It was seen as being large, expensive and inefficient, with an emphasis on

due process and rules that was old fashioned and dysfunctional (Olsen, 1996). The traditional Norwegian bureaucracy was consequently supplemented with new ideas for administration, such as goal and result management and corporate plans. While reforms have mostly been characterised as relatively minor and incremental in Norway, there have also been sector specific reforms<sup>1</sup> (ibid) that lead to more significant changes for some organisations and fields.

### 1.1 The New Public Management in the Public Sector

Reorganisations and reforms are not new to the public sector. From 1946-1991 there have been approximately four hundred public administrative political studies (Christensen and Lægreid, 2002:127). Since the beginning of the 1980s there have been attempts to carry out more active and concerted administrative policies. This has resulted in the establishment of its own field and rhetoric and with its own professions and units (Christensen and Lægreid, 1998; ibid). The introduction of NPM elements with the state as a service provider and the citizen as customer was first brought up through the Conservative government's Modernisation Programme in 1986 and later through the Reform Programme of the Labour government in 1987 (Olsen, 1993:25). Reforms have continued with images such as "the Norwegian house," "a simpler state," "programme for the reform of the public sector" and the latest "from action to words," which reiterate reform for modernisation, efficiency and simplification (Christensen and Lægreid, 2002:127). In Norway characteristics of NPM are as follow (Olsen, 1993; Olsen and Peters, 1996):

- Improved service: a service culture, customer feedback, market orientation of services.
- Goal and result management: from rules and routines to goals and result.
- Simplification of rules.
- Professional management orientated leadership: decentralisation and local autonomy, performance linked remuneration.
- Increased competition and market like arrangements, privatisation.



- A distinction between producers and consumers.
- Division of traditional administrative organs through changes in relational attachments.

These elements of the NPM play a significant role for providing an administrative management framework and legitimacy for programmes and reforms in the public sector. However, differences exist in implementations, interpretations and the importance of the general management ideas for specific units, resulting in “local” variations. This study looks at how the general doctrine is translated and how it functions in the Norwegian public employment services, known as “aetat” in Norway.

## 1.2 Theme and Research Question

The study’s research subject is the Norwegian public employment services. The public employment services (PES) has evolved from fragmented, municipal organisations providing work to the poor and needy to a state institution offering a number of diverse, specialised services to those requiring employment assistance. In 2002, the PES stood for 3 023 man hours and a budget of NOK 21.5 billion (PES annual report for 2002). The public employment services are essential in carrying out national labour market policies and its goals cover an array of various activities. One of the fundamental objectives in providing a free public employment service has always been to reduce unemployment among the large group of people who are employable, but have great difficulty in finding employment (Rogstad, 2001). In addition to the assistance of job seekers and employers, the PES is responsible for the payment of financial benefits (for unemployment and rehabilitation) and the prevention of exclusion from working life.

The PES must therefore balance its goals and address issues such as how much it is to work with the unemployed contra other job seekers/employers, and how much it is to work at local, regional and national level (OECD, 1998). There is the potential for tension in the balancing of these organisational goals, which is further complicated by the more ambiguous nature of social employment goals, such as helping the long-

term unemployed. Social employment goals are more difficult to operationalise, particularly in an organisation with a management focus exceedingly characterised by well defined, quantifiable achievements. The pursuit of these latter achievements may in fact have become so prevalent that the more obscure PES considerations, such as harder-to-place job seekers, have become less salient in the workings of the PES. In addition, issues such as how much to work at national, regional and local levels (the degree of centralisation and formalisation) requires a high level of clarification, as it affects the quality of service provision, particularly at operational level.

This brings us to the core of the research subject. It examines the organisational structure and administrative policies of the public employment services over time, in order to understand features of the organisation's development that contribute to explaining current processes and practices (structures and policies) related to decision-making within the organisation. The organisation is studied both on a general level and, though in less detail and only contemporaneously, on the level of a local employment office. In order to understand how policies and structures over time affect organisational behaviour, PES work with immigrant job seekers is reviewed. As unemployment among this group is generally 3-4 times higher than in the rest of the population, it is a relevant example of how the PES secures its democratic/diffuse goals.

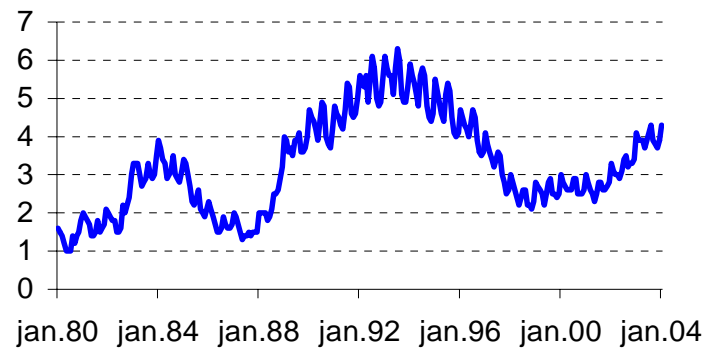
The research question is therefore concerned with:

- *The development of the public employment services' organisational structure and administrative policies, including the briefer developmental features for immigrants*
- *The current organisational structure and administrative policies of the public employment services, including the current status for immigrants.*
- *The effects of the developmental features and the current features of the organisation on decision-making generally within the public employment services and specifically for work with immigrants.*

In order to gain a more complete understanding of PES functioning and workings, it is essential to gain insight into the public employment services on a general level. There are a number of questions that are derived from the research question, and examples are as follow. One can ask whether the management system is compatible for the organisation and in dealing with specific issues that are long-term, difficult to quantify and measure. One can question how organisational goals are practiced and how the management system trades off efficiency against equity (striking a balance between working with disadvantaged groups and other groups of job seekers and employers). On a structural level one can ask whether decentralisation and delegation ensures the required autonomy and discretion a local office needs in order to be efficient. Or whether decision-making behaviour within the organisation is characterised by instrumental traits, informal values and norms or as an adjustment to the institutional environment. A sub-research question also concerns the examination of the cultural aspects related to the development of the formal structure, the current structure and the effects of cultural characteristics on organisational structure.

### **1.3 Relevance: Employment and the Public Employment Services**

Employment or lack of it is an issue that affects both an individual's opportunities for self-sufficiency and a society's use of its most important resource. Employment is synonymous with economic activity, from the production of goods and services, to providing household incomes. When a country is unable to let the economy attain its full employment potential, it can be described as the most important failure in structural policy. Market economies, however, do not guarantee work to all persons who want it and this causes loss of potential production and financial suffering for unemployed people. While short term unemployment generated by frictional and structural adjustment can affect all types of workers, long term unemployment tends to be concentrated among workers with less education and skill, with health or psychological problems, or in a difficult situation. And while high and continuous unemployment has not been a significant problem in Norway, it has been and remains considerably higher among immigrants than the rest of the population.<sup>2</sup>



***Figure 1-1 Registered Unemployment, in percent of the labour force, 1980-2004***

Research often concludes that immigrants are more likely to be affected by a weak labour market, high unemployment and have a lower rate of labour participation than the rest of the population (OECD, 2001: chapter 5, Statistics Norway 2001). The difficulty in finding employment is in part attributable to the need for a period of adaptation, especially for newly arrived refugees, qualifications and experiences which do not always match the needs of the labour market, a weak grasp of the host country's language, as well as to the fact they may be victim to employment discrimination (OECD, 2001: 167). As this tendency of higher unemployment among immigrants in a slack labour market has remained fairly constant during these past decades, it is not terribly controversial to argue that the public assistance of immigrant job seekers is not an easy or straight-forward achievement. In addition, it takes time to see the results of employment assistance of target groups.

Since 1984, immigrant job seekers have been defined as a target group and provided with special assistance by the PES. This reflects the rule that labour market policies are also meant to provide special assistance to those with problems in entering and remaining in the labour market. Employment is, however, not only a question of self-sufficiency, but also a matter of participation in Norwegian society; of integration into the "*fellesskap*" (community) and contribution to specific solidarity values such as the "*arbeidslinje*"<sup>3</sup> (employment line) that provide the economic backing for the expenditures of a welfare state.

To gain some insight and understanding of immigrant employment, one must look at the public employment services – perhaps the most important instrument in carrying out national labour market policies. As a public organisation, it is part of the network of public services that are essential in society. And as administrators of collective goods, public service organisations wield significant influence over human activities and organisation (Egeberg, 1984). It is therefore not surprising that scholars over the centuries have been preoccupied with understanding how they function and what effects they have. This approach to the management of public services has had a long tradition and has been the subject of continual debate.

Throughout its history, the public sector has intermittently rediscovered the need for a focus on productivity, performance and control (Walsh, 1995). This resurfaced in the 1980s with the public sector being the subject of great criticism in its organisation, functioning and in the extent of its services (Olsen, 1993:23). With a search for a new approach there has been a shift in the normative context for the management of public organisations, and it may appear as if the latest reforms, inspired or based on the New Public Management have become so wide spread and accepted that they have become vital to organisations' legitimacy.

For the PES there may be added tensions as it is a politically significant organisation and because it administers political and social values. It is one of the means through which Norwegian welfare state ideals of equality and solidarity are implemented. Helping those able to work to find appropriate employment has been, and remains one of the principal post-war welfare objectives. In comparison to most other Western countries, Norway has a high number of active labour market policies and individual measures to maximise employment participation among vulnerable groups. Political policies such as the revitalised "Employment Line" since the 1990s and the "Inclusive Workforce" (*Inkluderende arbeidsliv*) in 2001 has re-emphasised both incentives to work and responsibility to do so. So when criticisms of NPM reforms include a friction between commercial and democratic interests, and that weak consumers do not have much choice, this may have significant consequences for the PES. In light of its significance as an instrument and symbol, the PES can easily fall

into Olsen's description of an institutional reformer. Its ability to resist or modify administrative reforms may therefore have been limited and defined to a greater extent how the PES works.

Labour market policies are therefore of great significance and are played out in the cross fire between economic and political objectives and ideology. They also create a room for symbolic actions in addition to instrumental ones. It consequently offers a fascinating case for an organisational study.

#### **1.4 Limitations and Structure of the Study**

This study examines the development and the current framework of the public employment services through three main factors: history, organisational structure, and administrative policies on a general organisational level and also for a local employment office. These features (both developmental and current) are then used in assessing their effects on general organisational behaviour/practices and on their effects of work with immigrants. The research subject therefore has two components. First, it is an independent study of the general framework of the public employment services and, secondly, though more restricted in its scope, a study of how and to what extent local PES services are affected by the main organisation. Consequently, the study is limited to examining the development and current features of the PES on a general basis, and to one specific employment office.

Despite the fact that a number of other fascinating issues cropped up when studying the PES, such as the role of the Ministry and politicians in steering the PES, the co-operation between local offices and intro offices in their work for immigrants, the relevance of labour market programmes in PES work, it simply was not possible or relevant to go into greater depth. It is also important to point out that the study is limited in time and stops ca. 2002, bearing in mind that the PES is an organisation that is subject to "regular" reorganisations and reforms, and is on its way to preparing a reorganisation of some services based on the latest decision by the government to bring together services for social welfare, national insurance and the public employment services.

The following chapter gives the theoretical background for the study through the use of three perspectives on organisations: instrumental, cultural and myth. In addition to the theoretical framework, tables of expectations will be drawn up to clarify the expected results and the dependent variable will be elaborated upon. In chapter three, a discussion in the choice of research method and methodological considerations takes place. In chapter four, the development of the public employment services from the 1890s to the 1990s is examined, with a particular section on the development of PES services to immigrants. Chapter five describes and discusses the current organisational structure and administrative policies of the PES, based on contemporary documents and its practices based on interviews with respondents. In chapter 6, the material on the PES, gathered in chapter four and five on development and current features of the organisation, is analysed based on the theoretical perspectives. Chapter seven, the conclusion, gives both a brief summary of findings and analysis in addition to the broader implications for the PES.

## 2. THEORY

The following chapter outlines the three theoretical perspectives used in the study. These are the cultural and myth perspective under the institutional approach and the instrumental perspective. The perspectives are complementary, overlap at times and also have different views on the relations between structures and actors (Scott, 2003). A multiple approach therefore seems invaluable in gaining insight and understanding of a multi-faceted organisation (Allison, 1971; Pfeffer, 1981:29).

### 2.1 Theoretical Perspectives: Instrumental and Institutional

Two organisational processes have long been studied, (1) the manner in which instrumental work processes affect organisations, and (2) the manner in which institutional processes affect organisations. However, the relationship between the two processes has proven to be contentious. Institutional theory perspectives have theorised at different times that instrumental work processes may be decoupled from or loosely coupled with institutional pressures and the subsequent symbolic display of rational practice. In addition, confusion has arisen when considering which organisational properties are instrumental for actually performing work processes and which are symbolic in nature. It has also been proposed that some properties may be simultaneously instrumental and symbolic, and thus lead to equivocal empirical results (Pfeffer, 1981).

Three approaches applying instrumental and institutional views are applied in this study. The analytical perspectives differ in terms of what is circumscribed by organisational structure and organisational processes affecting behaviour. The differences in perspectives may be captured by the distinction and emphasis on formal and informal structure by instrumental and institutional theory respectively.

### 2.2 Instrumental Perspectives: Formal Structure and Bounded Rationality

In the early 20<sup>th</sup> century, management scholars such as Henri Fayol, Lydal Urwick and Luther Gulick theorised on how structural attributes of bureaucratic



organisation played a significant role in conditioning organisational performance (Gulick, 1937; Simon, 1965). This attention to formal structure was repudiated, mostly by Simon, on the grounds that various principles of management were contradictory, vague and did not enhance the understanding of organisations (Scott, 1998). Instead, Simon focused attention on the decision-making processes of individuals in organisations, which resulted in the conception of a boundedly rational individual. Interest in the formal structure of organisations has been revived in later years with attention focusing once again on the significance of organisational structure on organisational behaviour, from rational-open or natural-open perspectives (*ibid*).

From a rational system approach, organisations are instruments designed to attain specified goals. Formal structure is a blueprint for organisational activities. Various elements of the organisation, its organisational chart, explicit goals, and policies are linked together to make up a rational theory of how, and to what end, activities are to be pursued and fitted together. This instrumental perspective is characterised by boundedly rational behaviour. This means that behaviour is directed towards chosen goals and that actors seek to maximise or satisfice goals (March and Simon, 1958: chapter 7)

Scott's (1995; 1998; 2003) description of regulative institutions sum up significant features of the instrumental perspective. Regulative institutions constrain and regularise organisational behaviour through processes such as rule setting, monitoring and sanctioning. The formal structure is seen as a means of securing and encouraging acceptable and appropriate organisational behaviour. Formal structure designs incentives for members that they are expected to act on, while the basis for individual compliance is expedience: the garnering of rewards and the avoiding of sanctions (Scott 1998).

The analysis of the organisation, from an instrumental approach bases itself on a combination of Christensen's (1991a) organisational perspective and Egeberg's (1989) politico-administrative instrumental model.

### 2.2.1 *The Instrumental Perspective: Rationality Rules*

The instrumental perspective sees formal structure as a rational instrument designed to reach specified goals and to steer organisational behaviour (Egeberg 1984; 1989; 1999; Christensen, 1991a). Formal structure shapes behaviour. Hierarchy, specialisation and routines give clear guidelines as to how organisational members may behave. These rules, laws and directives are manifestations of the structure designed to ensure that roles and role relations are prescribed independently of personal attributes (Christensen and Lægreid, 1998; Egeberg, 1987). Structure simplifies and supports participants in decisions they need to make by directing their limited cognitive attention to a restricted set of value and factual premises (Simon, 1965: chapter 3). Typically, participants higher in the hierarchy make decisions about what the organisation is going to do (value premise), while those lower down make choices as to how best to carry out organisational tasks (Scott, 2003:51). Formalisation is therefore viewed as an attempt to make behaviour more predictable by standardising and regulating it (Scott, 1998:34-37). While this may ensure predictability, and possibly a collectively rational organisation with individuals of cognitive limitations (March and Simon, 1958; Simon, 1965), it also results in relatively simple and autonomous decision-making as participants struggle to achieve organisational objectives when facing a myriad of complex and sometimes contradictory goals (Lipsky, 1980). However, as organisations learn to direct attention, solve problems and make decisions, they become more efficient and purposeful.

Egeberg (1987:143) defines formal organisational structure as the “explicitly stated impersonal norms regulating participation, the access of problems, and how problems are to be solved.” As such formal structure directs behaviour in the desired direction by explicitly stating rights and duties of participation. In addition, the formal position of organisational members is also thought to affect behaviour as participant’s response (stand) to the organisation will depend on where they sit (Gulick, 1937; Allison, 1971). Specifically, placement in formal roles (e.g. the horizontal and vertical division of labour) is thought to affect the manner in which participants will think and act depending on what considerations, purposes and loyalties they have in a particular

placement. Horizontal and vertical specialisation may determine what problems and solutions are brought to the surface and at which hierarchical level, various concerns are considered (Egeberg, 1999:162). Horizontal specialisation is assumed to permit greater economy of scale, productivity, skill and expertise. Vertical specialisation is essential to achieving co-ordination if horizontal specialisation exists and in improving expertise and accountability in decision-making. The assumption underlying the differing degrees and principles of co-ordination is the intent that the type of specialisation has particular policy implications and consequently that structural choice depends on the goals and values to be pursued (Egeberg, 1984:31; 1999:158).

From an instrumental perspective one would expect the formal structure of an organisation to be clear and efficient in terms of service production. The organisation would be characterised by a goal and means orientation, and an equal emphasis on performance and results. Goals in particular are explicit, specific and possibly ranged in terms of priorities.

### **2.3 Institutional Perspectives: Organic, Surreptitious and Cognitive**

Institutional approaches dominated political science from the 1880s to the 1930s. Early institutionalism, grounded in constitutional law and moral philosophy, studied legal frameworks and administrative structures. The institutionalist perspective was challenged and largely supplanted by the behaviourists during the 1930-60s (Peters, 1999:78). The behaviourist approach attempted to rebuild political science as a theoretically guided, empirical science more concerned with political behaviour than institutional structures and was accompanied by a utilitarian orientation of individual action (Scott, 1995:16-20).

The various schools of the New Institutional approach developed in reaction to the excesses of the behaviouralist approach and sought to re-establish the importance of normative frameworks and rule systems in guiding, constraining and empowering behaviour (Scott, 1995). Participants within formal organisations are seen as generating informal norms (socially constructed belief systems) and behaviour patterns, such as status and power systems, communication networks and working

arrangements. Institutional theory emphasised that organisations are open systems, strongly influenced by their environments (Scott, 2003: 119), and while they consist of both a formal and informal structure, informal life (which in itself is structured and orderly) exercises enormous control over organisations, from how they are structured to carrying out their work through this system of informal norms and behaviour patterns (Scott, 2003:59,120). Institutions are viewed as “an organic, declining, evolving whole, with a natural history” (Perrow, 1986:158).

New Institutionalism also brought with it a growing awareness of the importance and relevance of a cognitive framework. As formulated by Berger and Luckmann (1967: chapter 2), a set of beliefs, developed in social interaction, provides models and guidelines for governing and guiding behaviour in varied social situations. The social construction of reality through language (symbols/myths) and cognition are seen as imperative to the ways in which actions are produced and repeated, eventually resulting in shared, stable and similar meanings for individuals (ibid; Scott, 1995). Organisations are said to be institutionalised insofar as their behaviour is determined by culturally conditioned rules, which manifest themselves in certain routines for action and give meaning to those actions (March and Olsen, 1989; Brunsson and Olsen, 1997). As constitutive rules are recognised, behaviour is often seen to reflect external definitions rather than internal intentions. Organisational behaviour may reflect relatively stable values, interests, opinions, expectations and resources (Brunsson and Olsen, 1997).

Selznick (1957) is an exponent of this normative conception of institutions, through his cultural theory. This perspective emphasises how values and normative frameworks structure choices. Organisations are viewed as adaptive, organic systems affected by the social characteristics of participants and its environmental parameters. By taking on a distinctive set of values the organisation acquires an identity (ibid) through the natural development of its endogenous features. It acquires its own standards for what are considered to be important objectives, good results and means of achievement. These standards may deviate from the formal structure and formal goals and lead it to behave and pursue other objectives than those stated and

formalised in structure by the organisation (Christensen, 1991). Some values and norms are applicable to all members of a given collective; others apply only to certain actors and positions. Specialised roles, values and norms are definitions of working roles and conceptions of appropriate action for particular individuals or specified social positions (Scott, 1995). These conceptions are prescriptions, normative and cognitive expectations, of what the participants are supposed to do and of how they are to conform. Consequently, the organisation may expound norms, values and prescriptions that may not necessarily be embodied in its formal structure.

In addition, participant's preferences are considered to be endogenous and created within historical and cultural contexts (Selznick 1949). The boundedly rational, utilitarian, goal maximiser is an individual affected by social/cultural norms and values that are expressed in routine procedures, and enable and constrain individual action. As certain thoughts and patterns of actions will be viewed as externally given facts, they will come to exclude other possible interpretations of action (Berger and Luckmann, 1967; Brunsson and Olsen, 1997; March and Olsen, 1989).

To summarise, institutional theory emphasises that organisations are open systems – strongly influenced by their environments and that other forces than rationality and efficiency are at work. Socially constructed belief systems and normative rules exercise enormous control over organisations, both in terms of how they are structured and how they carry out their work (Scott, 1998:117).

This study applies two institutional approaches with different understanding of the organisational field and consequently different predictions of organisational processes and behaviour (Christensen, 1991). Selznick (1949; 1957) emphasises the distinctiveness of organisations as a result of institutionalisation (internal environment) while Meyer and Rowan underline organisations' institutional isomorphi through their external environment (DiMaggio and Powell, 1991). The distinction is merely analytical and simply intended to clarify the process of analysis. Most scholars use combinations of elements from various schools (Scott, 1995).

### 2.3.1 *Institutionalised Organisations: Cultural Compatibility*

This perspective applies Selznick's institutional approach, most notably understood by its emphasis on the importance of normative controls in organisations. Values and norms are seen as being both internalised by actors and enforced by others in social situations (Scott, 1998:177). Selznick (1957:17) views institutionalisation as primarily being concerned with internal processes through which organisations are "infused with value beyond the technical requirements at hand." This view of organisations may also be classified as institutionalised organisations (Brunsson and Olsen, 1997:4-5).

Institutionalisation is a process that occurs to organisations over time. It reflects the organisation's distinctive history, the people who have been in it, the groups it embodies and the vested interests they have created and the way it has adapted to the environment (Selznick, 1957:16). The degree of institutionalisation is dependent on the leeway given for personal and group interaction.

Institutionalisation helps create organisational stability and moderates rapid changes. Change is seen as relatively passive and a natural process of adjustment. Organisations change slowly and counter speedy transformations by raising voices of the past (Christensen, 1994:28) that hamper intended effects of formal structure. However, an organisation with precise goals and more specialised and technical operations means that the opportunity the organisation's social forces will have in affecting the development will be reduced (Scott, 1998).

The organisation is, however, not entirely impervious. Several small changes may lead to a greater adjustment over time, though this action will be based on previous experiences. If the organisation does experience a crisis in its environment, it may feel pressured into undergoing extensive change, though this will be based on imitating previous solutions (and often in the form of organisational fads). The organisation may also acquire a discernable and repetitive pattern of responding to internal and external pressures (Scott, 2003).

In institutionalisation, central norms and values that extend beyond the organisation's formal/technical requirements are introduced and come to gain

significance as they too become pursued goals (Christensen, 1991:16). As responses to situations become patterns based on an organisations history, a social structure emerges. In time, a common perception of what constitutes appropriate behaviour is established and reproduced in action. Interpretations of various situations will be affected by the participant's own expectations of a given situation, of others' interpretations/perceptions and through social norms (March and Olsen, 1989). The institutionalised norms and values may be transferred to new members and organisations through various social mechanisms (Christensen and Egeberg, 1997; Christensen and Lægreid, 1998; Czarniawska Joerges, 1996).

Normative principles of rule following and the logic of appropriateness is central to this perspective (March and Olsen, 1989). Individuals within organisations have multiple identities and multiple modes of action. Action is based on a process where established identities and programmes of action are related to recognisable situations (March and Olsen, 1989: chapter 1; March and Olsen, 1994: 58). Organisations develop a standardised set of actions, standard operating procedures, based on experience, rules, routines and social contexts. Organisational members will then try to match actions to their previous experiences and perception of their own roles by choosing the most appropriate or socially accepted course of action. An organisational stimulus consequently sets off complex, standardised patterns of action without the preceding display of extensive analysis, problem solving or use of discretionary power (March and Olsen, 1989; 1994: chapter 2).

Over time, structures and processes come to have their own values. New solutions must adjust to the organisation's institutional core if they are to contribute to changes within organisations (Brunsson and Olsen, 1997; March and Olsen, 1989). Members are attached to institutionalised values and norms within the organisation and previous actions are thought to have a significant and lasting effect on present and future decisions. The extensive use of organisational routine procedures implies that an organisation's response to its environment is dependent both on the extent of institutionalisation and the degree to which the environment challenges institutional identity (*ibid*). Institutionalised organisations are therefore inhibited by their

institutional identities when responding to their environment. This affects which problems and solutions actors focus on and how they are solved (Brunsson and Olsen, 1997).

In a cultural perspective organisational responses and behaviour are seen as being dependent on existing traditions, rules, routines, norms and values. Structure, goals and working arrangements are determined strongly by the organisation's institutional characteristics. The current decision-making behaviour reflects previous patterns of responses and the organisation will have its own distinct values and norms that may not be reflected in its formal structure.

### 2.3.2 *Institutionalised Environments: Symbolic and Cultural*

Organisations live in partly institutionalised environments (Brunsson and Olsen, 1997; Scott, 1995,1998). Organisations are judged by the use they make of structures, processes and ideologies that are considered rational, efficient, reasonable, natural or up-to-date by its environment (Brunsson and Olsen, 1997:7). Aspiring, intelligent or out-manouvered organisations may find themselves following quirks of fashion in organisational structure in order to receive support and legitimacy when they conform to contemporary norms (ibid).

Meyer and Rowan (1977:341) saw formal organisational structures as arising in highly institutionalised contexts. Institutionalised norms and values gain significance as they are perceived as external, objective facts (Berger and Luckmann, 1967; Meyer and Rowan, 1977). Organisations are viewed as being driven to incorporate the practices and procedures defined by prevailing rationalised concepts, norms and values that rule within environments, as rationalised myths (Meyer and Rowan, 1977). Their adaptation occurs in reaction to the institutional environment as organisations imbibe these vocabularies of structure (Meyer and Rowan, 1977:349) in order to enable themselves to become understandable to others. This enhances their legitimacy, their access to resources and their survival capabilities (Scott, 1998:213).

The organisation's products, services, policies and programmes function as myths (Meyer and Rowan, 1977) that display the organisation's appropriate and modern behaviour. The impact of such rationalised and institutionalised elements on



organisations is enormous. These rules come to define new organising situations, redefine existing ones and specify the means for coping rationally with each. They enable and require participants to organise along prescribed lines (ibid). Organisations become “structurally equivalent,” especially in terms of their organisational fields. These fields are strongly structured and produce contexts within which organisations must act, in addition to establishing limits for courses of action. This isomorphism in organisations’ structure is found at the aggregate level, and reflects the process of institutionalisation as organisations become loosely coupled systems of standardised elements (DiMaggio and Powell, 1991:14). The incorporation of institutionalised elements provides an account of the organisation’s activities and protects the organisation from having its conduct questioned. The organisation becomes legitimate and uses its legitimacy to strengthen its support and survival.

From an institutional perspective then, an important aspect of isomorphism with environmental institutions is the evolution of organisational language. Organisations described in legitimated vocabularies are assumed to be orientated to collectively defined and mandated ends. By affixing the appropriate labels to activities, organisations can change them into valuable services and mobilise the commitments of internal participants and external constituents. Failure to incorporate these myths of formal structures which shape organisations intrinsically is considered negligent and irrational (Meyer and Rowan, 1977).

Meyer and Rowan (ibid.) proposed that externally legitimated elements of formal structure, such as bureaucratic co-ordination, play a symbolic role in such highly institutionalised settings as governmental agencies and the professions. These relatively simplistic symbolic displays, however, tend to under represent the complexities and ambiguities of their instrumental work processes. Particularly within professional organisations, this work must be performed in a relatively social manner as sub-unit supervisors and subordinates confront complex problems in a non-routine manner. Meyer and Rowan (ibid) reasoned that organisations tend to avoid massive dysfunction by decoupling their simplistic, bureaucratic, symbolic displays from the relatively complex social processes they actually follow in performing their work, so

that the organisation gains societal support while simultaneously performing its goals. New programmes and organisational solutions that are implemented will function as ceremony by being decoupled from daily activity. There are different views of whether and to what degree organisations are infected and accepting of new programmes and forms and whether these remain ceremonial display without instrumental effects or have some instrumental affect. If the organisation were infected, new programmes and forms would be expected filter through into organisation practices and if unaffected, behaviour would not show discernible change. Myths may possess an instrumental aspect and if they do not they are often conceived of as hypocrisy and/or ritual action. One may argue whether decoupling the ceremony is possible and whether actors may consciously manipulate myths for their own gain (DiMaggio and Powell, 1991).

Consequently, according to Meyer and Rowan (1977), an organisation's survival depends not only on its conforming to institutional pressures on acceptable behaviour, but also in carrying out its instrumental work processes in an effective manner. They reason (along with contingency theorists such as Thompson, 1967) that organisations can preserve both internal rationality and responsiveness to external pressures by dealing with these concerns in separate "decoupled" locations. Rationality is addressed in the technical core by practitioners while responsiveness is dealt with at an institutional level by administrators.

From a myth perspective, one would expect the organisation to be influenced by contemporary rationalised myths in its definition of efficient structure, goals and performance, as these are good indicators to its environment and the outside world of whether it is carrying out work efficiently. A new language may develop internally that reflects the importance of using the new managerial fads for definition of organisational activities. If these expressions of myths are not really incorporated within the organisation and are decoupled at some level it may partially suggest that the organisation is dabbling in myths, intentionally or unintentionally.

## 2.4 Defining the Dependent Variable: Development, Current Features and Effects

The research question consists of two components. First, an examination of the public employment services' development is carried out with organisational structure and administrative policies as the dependent variables. Secondly a descriptive analysis of these PES features is updated with current explanations. This draws upon the development section and is used in researching the third part of the general study and deals with the effects (of the developmental and current features) on decision-making within the PES, including the local employment office. PES work with immigrants is studied through the same stages (development, current situation) as for the general study. This means that one first looks at the development of general services to immigrants from the 1970s, followed by a study of contemporary services for the group and, lastly, how the developmental and current features of the broader PES framework and local office affects decision-making behaviour related to immigrants.

Studying the public employment services at a general level provides the necessary understanding of the organisation as a whole, and how this may affect lower units in the organisation. Examining a local employment office's work shows how the main framework is translated by an operational unit.

In order to study the development, current features and effects of the public employment services, it is essential to define and derive theoretical expectations of aspects comprising development (history), organisational structure and administrative policies. One may expect as a general rule that where formal structures are most predominant, other structures (such as the informal) will have less significance for participant's organisational behaviour (Christensen and Lægreid, 1998:47; Egeberg, 1989). However, if formal structures are weaker, organisational cultures and myths may be more important in explaining behaviour (March and Olsen, 1979; Selznick, 1957).

The following tables list a number of expectations that are combinations of the chosen organisational features (structure, administrative policy), including the factor assistance to immigrants and the three theoretical perspectives. The first table outlines the general expectations for the PES as a whole. Briefly, from an instrumental

perspective one expects to see an organisation that demonstrates a clear, functional structure that optimises goal achievement and steers organisational behaviour. Centralisation, formalisation and standardisation are necessary in securing desired behaviour while the use decentralisation/delegation is necessary for efficiency in lower units. Administrative policy concentrates on the “big picture” and emphasises performance through clear and consistent goals, means and results while culture is based on rationality, efficiency and performance. Work with immigrants is defined by specific measures, resources, goals and results.

An organisation with a heavier cultural orientation will exhibit other traits. It will generally organise itself in a manner which is compatible with previous configurations and if change is necessary at all (during a crisis) it will occur slowly and represent earlier patterns of response. The organisation will also retain its traditional method of problem-solving, which means an emphasis on rules and routines and a resistance to values, norms and goals that are incompatible with its own distinct identity. Assistance of immigrant employment will therefore be based on the traditional employment assistance method in helping all vulnerable employment groups.

From a myth perspective, the organisation would respond to institutional pressures by selectively decoupling formal structures and policy from the activities being carried out in the technical core. So while the organisation conforms closely to ritually defined meanings supplied by the environment, there is no serious attempt to implement these at the operational level. In structure, this may be seen for example through the verbal emphasis on moving resources closer to the customers without visible effect. In terms of work assistance of immigrants, specific rituals may exist but these will lack tangible results and performance measurement will be negligible.

**Figure 2-1 Table of Expectations for the General Organisation**

<i>ASPECTS OF ORGANISATION</i>	<i>Instrumental</i>	<i>Cultural</i>	<i>Myth</i>
<i>General Organisational Structure</i>	Clear structure, functional specialisation and division of labour. Well co-ordinated from above with autonomy for lower units.	Retains traditional structure. Incompatible new structures will be ignored or translated slowly by the organisation into acceptable structures.	Incorporates institutional elements of the environment, but this is decoupled from activities in the operational level.
<i>Administrative Policy</i>	Goal and result orientated. Strong correlation between goals, and practices. Policy consistent with structure.	Traditional way of problem solving. Administrative ideology and goals that are compatible with the org. own identity is pursued.	Inconsistent features in said goals and practices/ effects. Goals are ambiguous and partially conflicting, result in decoupling talk and action.
<i>Organisational Culture</i>	Rationality, efficiency.	Based on the org. distinct values and norms that have evolved over in time and are unique to organisation.	Based on what is considered appropriate by prevailing administrative norms and values. Emphasis on rhetoric.
<i>Immigrants: Measures and Resource Allocation for Target Groups</i>	Specific measures for TG immigrants and allocation of resources is clear and based on priorities	Dependent on traditional form of organising for vulnerable groups and also in terms of allocation	Specific measures for target groups and resources may exist but lack requisite resources, effects/tangible results

The next table outlines similar expectations based on the same features but for the local employment office. In addition, “perception of effects” has been added in order to operationalise decision-making behaviour at the lower level. Christensen and Lægreid (1998) argue that behaviour in organisations consists of three elements. First it depends on the way organisational participants’ perceive and interpret goals and guidelines at work. Second, on how these goals and guidelines are prioritised among the various work assignments and third, on the manner in which participants specifically solve work assignments. Perceptions and priorities are presumed to

provide a foundation for their attitudes and behaviour, as they demonstrate a relatively systematic and stable choice of decision-making premises (March and Simon, 1958; Simon, 1965).

Theoretical expectations for the local employment office are similar to the previous table with a few notable differences. From an instrumental perspective, it seems rational that the local organisation will be structured on the basis of local job seeker needs and that administrative policy also reflects local priorities. This may however lead to some conflict in the prioritisation of goals and specific structures from the local office contra the organisation as a whole if the extent of autonomy and decentralisation is not clear. Perception of effects will reflect the priorities of the main organisation, through the focus on performance and results. In a cultural perspective, as with the main organisation, one would expect the evolution of the local organisation's own distinct identity to define its own structure and administrative policies. If identity is strong, the local organisation will try and retain traditional structures and ways of working while resisting/ modifying new traits. Perception of effects is measured according to what has previously been considered important. In a myth perspective, like in the main organisation, there is a certain decoupling between what is talked about and what is actually done which reflects the local organisation's awareness of the institutional elements in its environment and here environment refers to the main organisation as well. Perception of effects will therefore be determined by what the "environment" considers important.

**Figure 2-2 Table of Expectations for Services to Immigrants, local office**

<i>ASPECTS OF LOCAL ORGANISATION</i>	<i>Instrumental</i>	<i>Cultural</i>	<i>Myth</i>
<i>Local Organisational Structure</i>	Clear structure, division of labour, specialisation which reflects local considerations. Some autonomy	Retains former structure and ignores new ways of structuring.	Incorporates institutional elements of structure to show rationality and efficiency as a buffer.
<i>Administrative Policy</i>	Goals and result orientation Local goals are prioritised, + possible conflict with main org. goals.	Adm. Policy is viable insofar as it is compatible with pre-existing policy. If the local org. has developed its own distinct policy it will slow down acceptance of new adm. ideas.	Adm. policy endorsed by the head organisation is prioritised (on paper) even if they are not considered “right” for the local level. Effects lacking
<i>Organisational Culture</i>	Uses the vocabularies of structure utilised by main org: efficiency, achievements/performance.	Traditional values and norms define culture and behaviour.	Prioritise certain values and norms in theory but not in practice. Hypocrisy
<i>Special Measures and Resource Allocation for Target Groups</i>	Specific measures for TG and allocation of resources are clear and based on priorities.	Dependent on traditional form of organising and allocation	Specific measures and resources exist but are ambiguous in terms of priorities and resources.
<i>Perception of Effects</i>	Effects measured solely in terms of pre-set results by the main org and local org.	Effects perceived in terms of what has traditionally been considered important.	Effects measured from what is considered important by main organisation and others

### 3. RESEARCH METHOD

Research method is an essential consideration once research question and theoretical perspectives have been considered. The methodology selected should be one that will be most effective in collecting the data needed to understand and explain empirical observations, and answering questions. The means through which the data is collected is the basis for method and research design.

A basic demand in academic research is being able to explain to others how a study has been carried out in all its various steps. Consequently, this chapter will give an account of and discuss the method used in this study. It starts with an explanation of how the choice of the empirical organisation and unit of analysis has influenced method, followed by a description of the research design and methodological considerations.

#### 3.1 Background and Choice of Empirical Organisation

This study follows well-established footsteps in organisational research, as scholars have long been interested in the effects of organisations in society. Recent trends of revision and reform of public sectors has meant that research into the effects of the new administrative trends on public organisations has been significant and a matter of growing interest. The Norwegian public employment services are fascinating for a number of reasons. Since it is a recent addition to other state organisations (after nationalisation of public employment services in the 1960s), the effects of state administration reforms may not be so obvious. In addition it is a public organisation that carries out central labour and employment policies on the basis of political direction. In comparison to other state organisations it therefore finds itself in media limelight more frequently, with portrayal often being negative, particularly during periods of high unemployment. Lastly, this is an organisation that has been through substantial evaluations and reforms/reorganisations during the past 25 years. Combined, these make the PES an interesting organisational study, while the last two factors, its political significance and public image set some premises for the study.



The Norwegian PES is a professional organisation that relays information about itself through appropriate channels, such as annual reports, press releases, statistics on various employment and unemployment figures, most of which can be found on its internet website, [www.aetat.no](http://www.aetat.no). Consequently, material for research purposes, not provided through these public channels must be approved of by the organisation, either at directorate level or at the level from which the material is derived. Access to information is also dependent on the type of information required. Programmes, annual reports, corporate plans and general information on immigrant programmes and academic evaluations of these have been readily available. Access to internal result achievements by specific organisational units and written information on the latest reorganisation has been more restrictive. The PES has been cautious in relaying information that may be perceived as being more sensitive. This has been the case for gathering information on the latest reorganisation. The directorate has been reluctant to give written material on the reorganisation that started in 2001 (such as the directorate's recommendation to the Ministry), and offered instead to give oral information through an interview with a respondent from the directorate's office for organisational development. It also signalled that it would want a copy of the thesis, though this would not interfere with any aspects of the study.

Research design in this study is therefore affected by the availability of archival documents and other documents, as well as information given and shared by respondents.

### 3.2 Research Design

Research design is the logical sequence that connects the empirical data from a study's initial research questions to its conclusions (Yin 1994). This "action plan for getting there from here" deals commonly with four problems: what questions to study, what data are relevant, what data to collect and how to analyse the results (ibid). The research design also considers methodological issues and the theoretical framework for the study. In addition logistics, such as time and resources may contribute to choice of research design.

The study of the public employment services is a qualitative study, a case study of various “stages.” It examines the public employment services in a broader, general level and in a briefer study of a local level unit. Research, principally considers the development of specific PES features (history, structure and policy) over time, their current “status” and the effects of these on decision-making behaviour in the organisation. In addition and parallel to this study, a smaller examination of the PES employment assistance of immigrants is carried out. This follows general development, the current situation and effects on decision-making related to immigrant issues both generally by the PES and specifically at the level of a local office. The first part of the study is concerned with the organisation as a whole and examines core features of the public employment services, while the second part of research examines how the premises of the main organisation is translated into practice by a specific local office. It seemed more appropriate to choose a qualitative approach as the research addresses many aspects of the same organisation in depth (Hellevik 1991). The intention is to gather information that will contribute to understanding how and why PES functions the way it does.

Case study inquiry investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clear and in which multiple sources of evidence are used (Yin 1994). Case study research focuses on understanding the dynamics within single settings where researchers may be able to gain insight about the organisation as they try to understand individual differences, variations from one setting to another or variations in experiences (Arnesen 1993). A larger, richer and more complete picture of phenomena is made possible by studying many aspects of a case. However, while case studies give depth, they are often seen to provide little basis for scientific generalisation. This may be countered somewhat by comparing one’s own study with the findings of others, and by designing the research method to avoid the obvious pitfalls. In addition to the qualitative data, quantitative data has been added where it clarifies and supplements other material.

### 3.2.1 *The Qualitative Research Design*

Qualitative methods are often associated with the collection and analysis of written or spoken text or the direct observation of behaviour (Cassel and Symon 1994). Qualitative research is also characterised by the explicit acknowledgement of the impact of the research process on the research situation. There is an understanding that the role of the researcher, who comes with his/her own thoughts and experiences, will affect the research process (ibid.). To compensate for subjectivity and improve construct validity and reliability, qualitative research is most frequently based on using multiple sources of evidence (Yin 1994). Findings from different sources that converge will be more credible than those simply based on one source. Consequently, this study is based on the triangulation of data sources: archival documents, documents and interviews. Archival documents consist of organisational records and survey data given by the directorate or found on its website, [www.aetat.no](http://www.aetat.no). Other documents refer to annual reports, programmes, corporate plans, consultative document, white papers, and evaluations of PES from state organisations and other student papers and thesis.

In addition to the comprehensive documentation from two different sources, the qualitative research also comprised of eight interviews. Respondents on the various levels and in different units were chosen on the basis of what areas they worked in so as to provide gainful insight into topics that were not covered by documents or supplemented the existing ones. It was important to choose different people at various levels and units to gain an understanding of how the PES functions as a whole and at different levels.

The interviews were based on open questions and were on topics that the individual respondent worked with. Interviews were noted in written form and lasted approximately one hour. Respondents were assured that they would remain anonymous, as this appeared to be an important consideration. Quotes would be used in a general manner, though some felt it would be easy to identify them due to their positions. This may have had some affect in the interviews and on information shared. Two of the respondents worked in the directorate, one in the office for organisational development, and the other in the department of programmes concerning immigrants.

Another respondent worked at the regional head office of Oslo and Akershus and had a long experience of working with immigrants within the PES. A respondent not directly connected to the PES was chosen due to his position as a leader for a unit that had been specially established for assisting the employment of vulnerable unemployed in one of the boroughs (Grunerløkka-Sofienberg) served by the chosen local employment office in Oslo. The local employment unit was chosen as it was an office that served geographical areas with one of the highest concentration of immigrant inhabitants in Oslo.<sup>4</sup> The three respondents at the local office consisted of two officers who worked specifically with immigrants and the leader of the local employment office. Of those working in the PES, five had been working for a long time.

### 3.2.2 *Quantitative Data*

Some quantitative data has been included to supplement and illustrate patterns to the qualitative research data. In quantitative research the data collected takes the form of measurements that can be statistically analysed. The process of quantitative research follows standard procedures, methods, forms of analysis and reporting of results in undertaken research and it is this standardisation that maximises objectivity. The quantitative data in isolation would not prove very helpful but is useful in providing more insight into PES data on unemployment and programme activities than would have been possible otherwise.

The quantitative data is not derived from this study. All data on unemployment and participation in labour market programmes is derived from Statistics Norway. Some data has been gathered from their website and incorporated into sections where they add to the understanding. The figures are from professional offices working with statistics and consequently presume high reliability and validity. The material collected shows overviews over the unemployment rate for the population and immigrants over the past twenty years, programme activities. Figures for PES annual budget activities are from their annual reports for 2000, 2001 and 2002.

### 3.3 Methodological Issues and Considerations

In this study, research data consists primarily of documents and interviews. The most obvious bias in the documents collected is that they cover, with the one exception of Luihn's (1986) book "*Arbeid og Samfunn*," only the past 20 years. While contemporary history has been thoroughly detailed during research, the development of PES since establishment lacks more corroboration. As other sources are lacking, the early history of the PES is largely based on information from Luihn. This illustrates a common problem with research as previous data sources have been collected with other purposes in mind and highlight other issues. However, as the early history is only intended to give a general outline of the employments services' considerations at outset, method is not thought to have been severely compromised.

The use of interviews as a primary research source carries some methodological problems. Interviews are based on the acknowledgement that respondents are experts of their own reality. Reality is dependent on a respondent's approach and perception of what is and can therefore not be tested against an objectively defined reality or discovered by external observers. The closest one may come to a universal, valid description of reality is through those descriptions that are socially constructed through interaction (Berger and Luckmann, 1967). If the point of departure is that reality is socially constructed then there are many ways of perceiving reality. How different actors perceive reality will depend on both personal characteristics and where they find themselves socially. In this case, respondents may be affected by professional and organisational placement (Allison, 1971) in addition to other factors.

Another methodological problem, though it is hard to gauge the extent of it, is whether respondents felt secure with the guarantee of anonymity. Some respondents mentioned that despite anonymity, identification would be relatively easy. The fact that this is a concern is significant if respondents feel unwilling to disclose their views in entirety or censor them. Research data may be affected. Consequently, the research design has had to take into account the fact that certain questions are sensitive (e.g. the scandal concerning job placement statistics in 2000) and have to be left out in order to gain trust and access to other information. It is hoped that data from other respondents

and documents may compensate for possible bias. Questions regarding specific sensitive issues have therefore been asked of other respondents not directly affected by them. In addition, it is simply a finding in itself that respondents may not feel secure enough to answer all questions openly. This is also part of the reason why interviews have not been taped.

Another factor affecting the research data may be what seems to be the arbitrary choice of respondents in different levels. It is quite possible that more respondents should have been interviewed to provide more information and possible corroborations and deviations. However, a study of this scale is incompatible with the available resources, and it may also be difficult to justify more interviews to an organisation as busy as the PES. The number of officers and leaders interviewed is considered to be sufficient. However, this reinforces the relevance and importance of other data sources in research. In this case archival documents and other documents have to be relevant and comprehensive.

The use of structured and semi-structured interviews that are focused (and of open-ended nature) has been dependent on who has been interviewed and whether it was a “fact” finding mission or interviews where respondents were asked to respond with their own thoughts and evaluations. Semi-structured interviews allow respondents to think in their own way, organise their own reality and thoughts and give them the possibility to volunteer information they consider important. However the fact that the interview guides vary in terms of structure makes the study difficult for others to repeat and results in compromising the level of reliability. Another more apparent problem in interviews is the process of carrying them out. Books on qualitative interviewing are clear in offering advice on the type of interview, question formulations, context and research manners (Yin 1994, Rubin and Rubin 1995). There is, however, a discrepancy between the optimal interview in its planning stages and the actual interview. In all likelihood, it is no exaggeration to experience that the quality of interviews and consequently the data improved with more practice. Since it is not possible to re-interview respondents it is important to choose a satisfactory number of

people to be interviewed and hope that the preparation has been comprehensive and satisfactory.

A study's validity is often an important methodological consideration, as is whether it is possible to generalise any findings from research. The study's validity has been discussed earlier and according to Yin (1994) the use of triangulation improves both validity and reliability. As the research data in this study is built on three different sources, validity is thought to be satisfactory. However, generalising on the basis of results from this study is a more problematical issue. Case studies are by nature intensive (Hellevik 1991) and research results may be questioned. In case studies, researchers must ask whether other patterns could have been found (than those that were) and how typical the characteristics of this unit are in terms of units of the same type (Hellevik 1991). This addresses essential question of generalising. While these questions are vital in research, it is important to point out that this study has had more modest aspirations and a different point of departure. This research study is meant to contribute to providing more insight and understanding of a public organisation that balances diverse considerations and questions how the framework of an organisation may affect and sets premises for other levels/lower units. It is therefore not intended to be a comparative study that will corroborate or question previous findings' deviances. So while generability may be low, it will hopefully still contribute to providing more insight and a better understanding of this particular public service organisation and perhaps even indicate what affects an organisation's functioning and inner workings.

## 4. THE DEVELOPMENT OF THE PUBLIC EMPLOYMENT SERVICES

The public employment services have evolved from independent, municipal organisations to a national agency offering an increasing number and variety of services. The last two decades are characterised by an increasing professional specialisation and demands for improved administrative management that facilitates goal achievement and performance. The application of these corporate based management forms and incentives within the PES have become so prevalent that it partly defines a new framework for understanding its organisational reality (Lunde, 2000).

The following chapter describes the development of the public employment services from establishment in 1897 to the late 1990s with a view to describing its history, the various administrative influences and recent political interventions and reforms. It also includes a section that examines the development of services provided to immigrants by the PES from the 1970s.

### 4.1 A historical overview of the PES: 1890-1970s

#### 4.1.1 *The Establishment of The First Offices: Modest and Autonomous*

The objectives and organisation of the first public employment services in the 1890s were significantly different from those of today. The first public employment services were established in the larger municipalities in response to the increasing industrialisation and growing dependence on paid labour from the 1850s onwards. People were migrating to the cities, and public meeting places where contact between employers and job seekers could be facilitated and regulated were becoming necessary (Luihn, 1986; NOU, 1998). The establishment of the municipal employment services was therefore a public initiative to regulate a meeting place between employers and job seekers. The first four municipal employment services were established in the larger cities and towns of Norway between 1897 and 1903.<sup>5</sup>



The employment services were originally fairly independent of one another and largely autonomous in decision-making practices. State grants were minimal and funds were restricted to the partial coverage of union expenses for unemployment insurance and emergency work (Luihn, 1986). The municipal employment services were run by a handful of “educated” men who were responsible for initiating and implementing decisions. The employment services were organised along the German employment service model, which upheld neutral administrators and comprised the interests of employers and employees (*ibid*). The municipal employment services were initially limited to two goals, cash support and job brokerage (emergency work). Goals were modest and specialised services did not exist. The governing service provision at this period was equality, historically related to the community based solidarity ethos, which linked the employment services with charitable work and community service.

In 1906 the employment services gained jurisdiction as the principal administrators of the first Norwegian law concerning public job brokerage. Pursuing a general consensus on mandatory services offered, the municipalities had practised more or less similar services over the years. Formalised channels co-ordinating the growing number of municipality employment services did not take place until a decade later when the state inspectorate was established in 1916 (*ibid*). The importance of the municipal employment services was augmented during the 1920s and 30s as an economic recession set in. Unemployment reached 17% during the Great Depression and poverty was wide spread (*ibid*) leading to social unrest, strikes and lockouts. In response, a resolution was passed in 1938, implementing obligatory unemployment benefits, that suggested more effective job brokerage and increasing service coverage to combat the geographical disparities. The suggestion was not fully resolved as Norway was invaded in 1940.

Norway recommenced improving employment issues immediately after the Second World War. The state’s growing responsibilities for social, political and economic issues were being made apparent during the post-war period. This resulted in some changes for the employment services and included funding PES expansion. Norway ratified the Employment Act in 1947 and the 1933 ILO convention number 34

in 1949, which set guidelines for the PES apparatus and constituted a national ban and restriction against the establishment of remunerative employment agencies. In addition, the state directorate was intended to act as an advisory body and follow the development of employment issues within the country and ensure regular and sufficient employment (NOU, 1998). To secure the implementation of state employment policies from the directorate, a regional level of employment offices were established. This decentralisation of assignments that otherwise would have been processed centrally was intended to give regional counties the possibility of initiating decisions based on local knowledge of employment issues (Luihn, 1986; NOU, 1988).

#### 4.1.2 Centralisation and Hierarchy

A growing awareness of the individual's rights to labour participation, and a clear perception of the state's role in improving the functioning of the labour market characterise employment issues from the 1950s. It was unlikely that the municipalities would be able to both provide and finance an increasing number of services. The state's involvement in municipal employment services grew gradually and eventually resulted in the centralisation of the employment services by 1963.

The rights to individual participation in the labour market were strengthened on the basis of an addition to the Constitution in 1954. The addendum stated that "*Det paaligger Statens Myndigheter at laegge forholdene til Rette for at ethvert arbejdsdygtigt Menneske kan skaffe seg Udkomme ved sitt Arbejde.*" It also implied, indirectly, a commitment to creating a conducive framework for labour and self-sufficiency, an intent that is still clearly visible in today's labour market policies and especially through the "Employment Line."

Effective job brokerage, mobilisation of labour and training programmes were key elements of active labour market policies pursued by Norway in the 1960s to promote economic growth (Luihn, 1986). The late 1960s saw new aspects of labour mobilisation on the agenda. Some groups were experiencing greater troubles than others in seeking and holding down jobs. Women, the overly young and elderly, as well as the disabled, were having problems in a period where labour ideology focused on equal rights to labour participation<sup>6</sup> (Hamre, 1998) and a high supply of labour was

necessary to the progressive industrialisation. Consequently, voluntary participation in training programmes was offered to the various groups to improve their employment opportunities. Job seekers defined as having a weaker position in the labour market were therefore among the first to be offered participation on these training programmes. The concern for the growing mismatch between the supply and demand of work qualifications in the labour market (as a result of increasing specialisation in labour tasks) also resulted in a similar solution to this problem.

New programmes were developed specialising in vocational training and rehabilitation, as well as a law that established the right to adult education to adjust people's skills to the demands of the labour market (Skudal, 1995). Goals for labour market programmes, responsibilities and financing were governed by law and regulations. The number of training courses grew extensively, both in range and duration and increased twenty-fold from 1970-1983 (*ibid*). The directorate had become a producer of training programmes (in combination with educational authorities and businesses) in order to aid occupational mobility. And training programmes, in their many variations, became a popular solution and a standard response to improving employment opportunities, especially where ordinary job brokerage was not possible. This was a solution that would remain a popular response in times of future high unemployment.

The employment services had become much more expensive and specialised in the 1960s. The primary objectives of job brokerage and cash support were being supplemented by labour market programmes intended to improve the qualifications and supply of the labour force. For the employment services it meant a new trend in the development of specialist services and a question of increased funding. It seemed natural at this time that the state would nationalise the public employment services and retain the monopoly. Centralisation generated little debate or conflict as is evidenced by literary accounts of the process. Perhaps it was evident that the state's goals and interests in securing national labour policies (economic growth, low unemployment, and a high and active labour force) were mutually beneficial to its people. The state undertook financing the expansion of the PES, standardising services, and furthering

the improvement of job brokerage (Luihn, 1986). This process of centralisation lasted from 1960 to 1963.

The establishment of the public employment services is marked by the initially modest functions and organisation of the municipal employment apparatus. Services were neither particularly comprehensive nor specialised, and while individual municipalities were autonomous, they chose to pursue the same functions. This indicates that the primary objectives were seen as legitimate and universal. However, later periods saw increasing involvement by the state as it sought to both to increase the spectre of services and access to them in a period whose dominating logic was equality, seen in the constitutional addition that secured the general right to earn a living, and through increasing labour participation in groups that were not a part of the labour market. The two principal improvements of this period, the centralisation of the employment services combined with the increasing specialisation of services later became symptomatic of what was wrong with the organisation. It had become hierarchically complex, expensive and lacked the ability to take account of regional differences. Centralisation had gone too far and with rising unemployment in the late 1980s, it would start the first of many PES reformations

## **4.2 The Routines of Reform: 1980s-1990s**

While the Norwegian economy in the early 1980s could enjoy a strong domestic upswing and unemployment falling to around 2%, the economy also exhibited signs of overheating and financial imbalances were allowed to develop. Unemployment rose successively from 1988 until late 1993, when it reached 6,3% of the labour force - the highest level of unemployment since the post-war period. Connected to this, on the political front, many of the central values from the 1960s and 70s were being challenged by an economic and political liberalism espousing an increase in market orientation, economic individualism, efficiency and rule simplification. In Norway, widespread support was established for service and result-orientated reforms and the domestic emphasis was on internal administrative reforms rather than outright privatisation<sup>7</sup> (Olsen, 1996).

#### 4.2.1 *Political Intervention, Problems and Solutions*

Since the 1980s, the employment services have been examined and evaluated a number of times, sometimes, as a part of general public administration reform and other times, through politically initiated examinations by the Ministry or others.

One of the first evaluations carried out, in 1983 was due to the pressures the public employment services were undergoing as a result of rising unemployment. The budget for personnel and labour market programmes had increased considerably and it was thought that these would be difficult to administer under the existing framework. The Ministry consequently put forth a mandate that dealt with improving organisational efficiency, management form and administrative routines, in addition to providing increased flexibility in implementation (Fitje, 1991). Key weaknesses identified by the responsible board, lead by Hermansen, were as follow: an organisational structure based solely on the functions of training programmes, that programmes were too detailed and partly overlapping, and that intradepartmental interests within the organisation overshadowed organisational goals due to poor horizontal and vertical co-ordination (ibid). Solutions suggested by the board were to clarify the goals and objectives, implement goal and result management<sup>8</sup>, simplify programmes, rules and budget structure, and decentralise and adjust structure to goals (ibid). It was also clear that political organs were to be given improved opportunity in steering towards principal goals while the PES would be given more freedom in choosing means within the given framework. In practice this lead to an internal reorganisation of the directorate and the clarification of its functions and objectives in controlling and supervising the rest of the PES.

In 1985, the public employment services voluntarily introduced plan and goal management. A second edition by the directorate on planning and goal management from 1986 highlighted two issues (Arbeidsdirektoratet, 1986). It discussed the value of planning and results involving others since participation and agreement on organisational goals were essential. In addition, it brought up the significance of decentralisation and delegation as a means of reaching goals, with an emphasis on the role of regional employment offices in such processes. It also pointed out that

qualitative and long term goals could easily be overlooked as all PES goals and services could not be quantified or measured (Arbeidsdirektoratet, 1986). In practice, this implied that target groups would be overlooked if they were not quantified with relevant goals. The planning guide also acknowledged that the PES had to prioritise among the numerous goals with a finite set of resources. At the same time as the planning manual came out, the directorate had been working on a plan that stressed the importance of service, efficiency and the working environment (SEA plan 1986). It also focused on goals and service and encouraged the use of local discretion in work, giving employees more autonomy in decision-making while leaving leaders able to focus on the big picture (Lund, 1992, p. 47). While both planning systems brought up many important and valid considerations, the utilisation of the plan management system was evaluated as not being significant by Statskonsult (1994:9) and Lund's (1992) study concluded that few intended effects had taken place.

Following this period of reform, a temporary labour shortage in 1986 and 1987 took place and resources (budget/programmes) were reduced until unemployment began to rise again in 1988.

#### 4.2.2 *More Political Intervention, Similar Problems and Solutions*

The next comprehensive reform started in 1991 and was also initiated by the Ministry and examined PES organisation and objectives during another spell of high unemployment. This time the mandate focused on improving services, particularly those for weaker job seekers. In addition a more principal discussion on the role of the PES took place and consisted of evaluations for improvements and efficiency in management, leadership, organisational adjustments and flexibility (Rensvik, 1992). The project called "Arbeidsmarkedsetat-93" (PES-93). The project's point of departure was that the PES would be judged from general politico-administrative demands regarding effective organisation and the specific demands required of an organisation working in a turbulent labour market (ibid).

The general evaluation by the project (ibid) presented the employment services as an organisation that was greatly controlled by the Ministry through a tight framework, detailed guidelines and descriptions of goals and strategies. Political

steering was significant and the PES was seen as an organisation that was both politically loyal and flexible to instructions from superiors. However, these issues also contributed to a large volume of diverse, obligatory PES goals (ibid). In addition, as increases in resources were principally directed at the increased number of programmes and the processing of unemployment benefits, the quality of services was being neglected. This resulted in criticism of product quality and of ineffective efforts in tackling the labour market (ibid). A “Culture Evaluation” carried out as a part of the project cited the sheer number of goals and products as well as the lack of evaluations (such as those of the needs of client groups) as weaknesses (Statskonsult, 1994).

A report written by Statskonsult (1994:9) defined two central areas for the criticism and improvement of the PES during this period, identifying similar problems to those described by Rensvik. One area focused on the organisation of the employment services. A variety of goals and unclear prioritisation were perceived as representing the organisation’s greatest problem in forming strategy and resulted in: an unclear goal structure, an unclear division of labour, hierarchical management that limited local autonomy and little attention to the effects of PES services. Goals were not evaluated as having filtered down to lower levels of the organisation. In addition, the work day was perceived as being greatly affected by customers or superior levels (Rensvik, 1992:18). This indicated that common conceptions of norms and values and what the organisation should and should not do were not shared throughout the organisation.

The clarification of goals and services, division of labour (between directorate and Ministry) and the status of weaker job seekers was sought through a reformulation of the goal structure. According to Statskonsult’s (1994:9) follow-up project on goal and result management, the public employment services’ goal structure ended up as a combination of the Ministry’s endorsement for a functional goal structure and the directorate’s support for more specific goals and a customer orientation that included employers.

The other area of criticism concerned increasing labour participation among weaker groups. The mandate made it quite clear that the PES needed to improve

following up the long term unemployed, securing services to the weakest groups in the labour market and ensuring that training programmes contributed to increased competency among the unemployed (mandate 91/3789). The group's report had concluded that job seekers with low education and job ability were more likely to fall out of a long-term weak labour market (Statskonsult, 1992) and required activation through education or labour market programmes. In its new goal structure job assistance to weak job seekers was articulated through the general goal "prevention and alleviation of the negative effects of unemployment" and more specifically through two of its sub goals through contributing to maintaining work skills during long-term unemployment and by giving permanent employment offers to target groups (Statskonsult 1994:9). These goals were still being formulated in PES annual reports until 2000.

In addition to structural and goal improvements, the report also discussed the prominence of quantitative results of PES achievements. This focus on quantitative results was explained by PES adjustment to the Ministry's demand for detailed activity reports formulated through budget letters and management projects (Rensvik 1992:19). This may be a partial explanation. Another Statskonsult report (1993:3) on result management only managed to formulate quantitative indicators in its effect chain for PES work despite pointing out the use for measurements for quality. This illustrated the problem of operationalising quantitative goals in practice, even for an "expert" organisation specialising in public management.

The project group concluded their evaluation of the PES as a flexible, politically managed instrument with various and contradictory goals and resources that were spread out. Their solution envisaged creating an organisation based on the upside down pyramid. The logic being that the quality of services near customers determines whether or not the PES really reaches its goals and retains its legitimacy. Decentralisation with freedom (autonomy) for lower units, and results responsibility would allow local units to innovate and change as required. Central guidelines would still direct the prioritised areas whilst regional offices and the directorate would provide support functions (Falch, 2000).



In practice however, this policy of “being close to the customers” resulted in a number of new local offices. Decentralisation meant dividing formerly large local offices, the formation of new units and the upgrading of divisional offices into local offices<sup>9</sup>. Falch’s (ibid) study suggests that since this process was politically controlled, regional evaluations concerning this decentralisation process was less significant. In this case there seems to be an understanding of decentralisation being defined as the creation of more local offices rather than autonomy for lower levels.

#### 4.2.3 *An Evaluation of Management Imperfections*

In 1994 goal and result management (GRM) was introduced to the employment services. Statskonsult saw the goal and result management system partly as an attempt to improve and secure the political and hierarchical management in an increasingly differentiated and decentralised administration (Statskonsult 1999:19). The principal goal of a new management was to expand freedom in economic-administrative issues and leave the ministry to concentrate on the “big” issues.

The follow-up report to “PES-93” (Statskonsult, 1994:9) showed how the Ministry and directorate had worked together with goals and result management to establish a new goal structure. The ministry-agency relationship was however further examined in 1999 with an eye to improving the “management dialogue” between the two. Central questions raised issues such as the extent of professional information shared, goal structure, measurement of results, reporting, communication/co-operation and resources utilised to reach qualitative goals (Statskonsult, 1999:28). The Ministry was responsible for initiating the examination while Statskonsult was responsible for assessment. The report (ibid) concluded with a number of interesting results showing that while GRM had actively been in use by the PES, a number of other elements had remained static since its introduction 1994. Statskonsult (1999:28) pointed out that the management system was inadequate in catching principal, strategic perspectives connected to both external and internal needs for changes in management focus and conditions.

The report also underlined some of the general weaknesses in the management system, in particular, whether the existing result indicators were still relevant and

satisfactory and that a focus on long term goals and strategy development were required (ibid). In terms of the management dialogue, both the Ministry and the directorate evaluated it to be unsatisfactory but for entirely opposite reasons. The directorate experienced the Ministry's extensive need for detailed information with some resignation while the Ministry was concerned with the type and quality of information being given (ibid). One explanation for the difference in perceptions was that it expressed the tension between the directorate's need for autonomy and the Ministry's need to control and steer (ibid). This shows quite clearly that top heavy management still existed despite attempts to rectify the balance. In addition Statskonsult's report (1999:28) added that the Parliament had considerable influence over the labour agency which in turn limited the role of the Ministry.

#### 4.2.4 *Redefining Organisation and Recycling*

The last of the major changes for the PES during this period came at the end of the 1990s when the Parliament agreed to change the rules for job brokerage and the hiring of labour in December 1999. This marked the end of a national monopoly for the public employment services that had lasted over a hundred years.

The initiative came perhaps somewhat surprisingly from the labour agency itself. The public employment services had seen the dissolution, in practice, of its monopoly through mediums such as the Internet, head-hunters and private agencies. The organisational environment was changing and the directorate intended to secure the premises on which it would do so. By acting pre-emptively and not waiting for political signals or initiatives it was acting like a competitive market actor providing new services that traditionally had not been found within the PES. It introduced a number of new services that would contribute to enhance its profile in delivering professional, specialist and contemporary services which consisted of temporary hiring of labour, personnel recruitment and assistance with business reorganisations. Its social profile in assisting weaker job seekers into employment was said to be strengthened by the establishment of its own separate temporary labour hiring agency and was even supported by the labour union. This softening of the legal framework meant that the public employment services could compete in new areas with more of

the private actors and also charge monetary payments for hiring temporary labour. The changes indicated a significant shift in the traditional perception of the workings of a state administrative unit. The organisation was re-orientating itself to its environment, acting in an innovative manner to ensure the relevance of its services and survival in the future. This spell of outright corporate management was toned down as the corporate services (*“aetat bedrift”*) aimed at businesses through the separate (state owned) PES agency had to be dissolved due to conflicts with EEA regulations concerning the cross subsidy of public service organisations by the state and potential unfair advantage.

The public employment services have been through a number of reforms since the 1980s which have sought to improve its organisation, management and activities. While it may be too soon to speak of the specific effects they have had on activities and services (see next chapter), it is quite clear that these reforms have built a framework for how the PES functions. Looking at reforms during the past two decades, there appears to be a similar content of reforms, from identification of problem areas to their solutions. Common criticism abounds regarding the goal/function structure, the hierarchical and detailed management, the unclear division of labour and goal measurement. The fact that reform has consisted in a recycling of problems and solutions may mean that the organisation has not been able to systematise its experience and knowledge of reforms by building on them, instead of having a piecemeal approach. It also suggests that the flatter organisational structure, decentralisation and greater opportunities for local discretion have been difficult to implement in practice and favour incremental changes.

### 4.3 The Development of PES Services to Immigrants

The employment assistance of immigrants has become a complex issue. From the provision of various services offered by the Information Office in the 1970s, it has developed into a range of specialised services that are provided within the general spectre of the public employment services and specifically within one of its specialised units dealing with immigrants. Over the years a number of White papers from 1987 to

2001 bring up and clarify the importance in immigrant employment, rights, responsibilities and intentions, often reiterating common problems and solutions.

The following section describes employment assistance to immigrants; from the first Information Office to PES own Introductory Programme (later Intro) and general work by local employment offices.

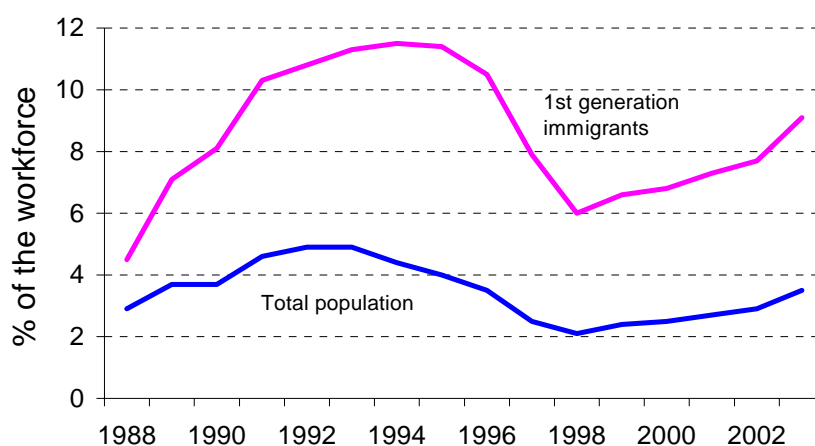
#### 4.3.1 *The first Employment Services for Immigrants*

Initially, employment assistance was provided through an Information Office specifically aimed at foreigners, the *Informasjonskontor for utlendinger*” Since the idea of an office for immigrants was perceived to be against the ideals of equality, the office was shut down in 1979/80. Immigrants were subsequently offered employment assistance from local public employment offices. Local offices, however, lacked the information and practical knowledge that had been built up by the Information Office. Consequently, many immigrants were referred by the local employment offices to another unit, the *Statens Attføringsinstitutt i Oslo* that specialised in aiding job seekers with physical or psychological disabilities. Language skills were considered enough of a disability for a referral (Aetat Intro, 2000:7).

As the number of immigrant job seekers (including the entry of refugees to Norway in the early 1980s) increased, the rehabilitation institute was no longer able to provide satisfactory services to the group and the Introductory Programme for Foreign Language Speakers was established in Oslo in 1982. It started as an offspring of the rehabilitation institute and later became an individual department within the PES. Three more offices opened in Norway’s larger cities within the next 4 years, in Trondheim, Kristiansand and Bergen. These units were introduced with three key principles: that immigrant job seekers not be treated like clients, that they needed specific measures to help them, and that the specific measures be connected to job brokerage (Aetat intro, 2000). The Introductory Programme was defined as a secondary service (unlike local employment offices) and established primarily as a qualifying centre with special competence in providing specific measures for immigrants that ensured they would be given the assistance necessary to help them get jobs (ibid).

From 1982 to 1990, the Introductory Programme (IP) operated primarily as a programme (ibid). It consisted of a fifteen week theory component with information of Norwegian society (laws, rules and norms of working life), language testing and practical information on seeking employment (how to find jobs, write applications, presentation during interviews). This was followed up by a job training component that could last up to twenty-six weeks in an ordinary job. During this period the “employed” immigrants would be followed by IP consultants.

Unemployment increased steadily among immigrants. In 1993 the number of unemployed immigrants rose to 11,3% of the labour force, which compared to 4,9% of the general population (Statistics Norway, 2002).



**Figure 4-1 Total Unemployment Rate in percent of the workforce 1988-2003**

During this period responsibility for the IP was placed further down within the organisation (to the level of regional employment office) and questions concerning the development and full integration of the IP within PES were raised by the directorate. Concerns were voiced regarding the ability of units to co-ordinate efforts for immigrants and in providing adequate variety in programmes (Åsboll, 1990).

Following this in 1993 and 94, a period of peak unemployment for immigrants, the division between the general theoretical skills and the job training (including job search and job brokerage) component was separated. Theoretical courses were outsourced while the IP retained responsibility for assisting practical employment. In

addition, the number of IP offices were increased to combat the continuous and high unemployment among immigrants during this period

The IP has been modified and new measures added since the 1990s. In 2000, its name was changed to Intro, as part of a larger PES re-organisation. Today, the number of offices have been reduced and four units remain in the largest cities. Intro offices are still placed organisationally beneath regional offices/a regional head office for specific regions and offer services such as:

- Individual counselling sessions that draw up individual activity plans and clarify required employment measures.
- Preparatory labour market training (“forberedende arbeidsmarkedsopplæring”) which consists of employment counselling, an orientation of working life, Norwegian language training, information of Norwegian society. Various modules provide building blocks that give competence in specific vocational fields, post-secondary studies, other labour market programmes or job brokerage.
- Specific and measured qualifying labour market training for special segments within the defined target group.
- A job seeker’s course, with a trainee position as part of a job brokerage function (this is the previous IP).
- Advisory capacity to other PES units due to its competence on immigrant employment related issues.

The Intro unit provides some specialised services for immigrants. It has services that provide work experience through various schemes, improve the general employability of a job seeker and assistance in the job brokerage process. The scope and quantity of services over the past years have been dependent amongst other factors, on annual national budgets, political priorities and operationalisation of services by the PES directorate. Intro services and resources are therefore subject to fluctuations. In its annual report for 2000, Intro suggested that the cutbacks of 50% in the number of labour market programmes for immigrants in 1999 (a period of lower unemployment) have been counter-productive. The newer programmes, that were shorter in length and more market orientated, were not evaluated as a great success as

they did not match the needs of qualifying immigrants who subsequently could not be relayed for employment purposes either. The job brokerage of immigrants in this period was characterised by the recycling of the unemployed into short-term contracts (as many as 60-70% of job brokerage were thought to be short-term), while positions on programme participation ran incomplete (ibid). These developments hamper the Intro office's aim for long-term employment goals and more stability in working life for immigrants. There is however not much the unit can do, according to its head of office, as it has little autonomy in deciding matters itself and the PES is seen as having a strong bureaucratic culture.

In addition these fluctuations in services underline an inherent conflict in services offered to immigrants by Intro. PES principal goal is assistance into employment, (generally through job brokerage) while Intro's professed interest is in assisting the long-term employability of immigrants, preferably in a profession with longer prospects. However, as the framework for Intro work is defined by superior levels, Intro must restrict itself to PES' operative goals and the lingering pressures between both goals remain unresolved.

#### 4.3.2 *Immigrants and the Local Employment Office*

Intro is not the only unit in the PES that assists immigrant employment (Aetat Intro, 2000:9) in Norway and the 4 Intro units that exist are certainly not well-resourced enough to do so. The general principle of providing employment assistance to immigrants is in fact intended to be carried out by the local employment offices, a unit that provides employment assistance to all job seekers. This intention is expressed clearly in White paper no. 17 (1996-1997) which points out that the choice of means and specific measures for immigrants should principally be dealt with through the existing general rules and measures. This reflects the Norwegian ideal of "one system for all" which is founded on a universalistic welfare-political tradition (Djuve and Pettersen, 1997:90) and an example of which was seen in the dissolution of the Information Office in 1979/80.

Local employment offices have previously been structured on a functional basis with four main services: reception, job brokerage, qualifying (labour market

programmes) and the processing of benefits. Usually, the larger offices, servicing immigrant inhabitants have had their own specific department for assisting immigrants as specific competence in the area has been regarded an asset by local offices. A general procedure of employment assistance begins with a preliminary evaluation of language skills by the local office (and a local officer) during registration as a job seeker. If language skills are evaluated as being poor or lacking, the local employment office refers the jobseeker to the Intro unit for a language test. Depending on the number of points scored (85 points is the level required to participate in regular labour market programmes), previous work experiences and education, the job seeker will either continue at Intro or provided with assistance through the local office. The general rule appears to be that a low score means assistance through Intro and a higher score, assistance through the local office, though there are exceptions. Intro has for example provided specific courses and trainee positions for immigrants with a high level of education and language skills who are not offered relevant/appropriate job positions (see for example Intro reports on recruitment to the state administration, 2001).

Generally, if language skills are considered satisfactory, assistance will be offered by the local employment office. An important and relevant point is therefore that the assistance given to an immigrant job seeker depends on a preliminary evaluation of language skills by a local officer. If the job seeker is not judged to be “ready” for a job placement they will not be assisted with job brokerage but referred to Intro for further evaluation or the municipality for improvement of language skills. As such the discretion of a local employment officer may result in some job seekers being referred to another part of the system (or end up outside it) depending on the individual evaluation of language skills.

If job seekers are offered assistance through the local employment office, alternatives are usually job brokerage or placements through labour market programmes, partially depending on the level of qualifications the job seeker has, the level of un/employment in the labour market and general PES routines. The type of programmes offered by the PES which are relevant for immigrants are as follow (for

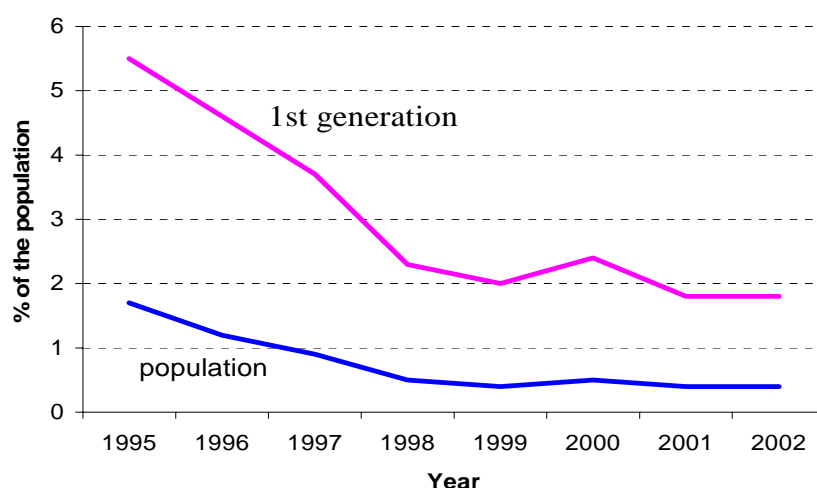


full descriptions, see chapter 5): wage subsidies, labour market training, labour market training for immigrants, employment training, temporary employment measures and employment measures for the long-term unemployed.

Immigrant job seekers are generally highly over-represented in placement on labour market programmes and the utility of these programmes has been a contested issue. The emphasis on labour market programmes is seen as detracting from PES real goal of ordinary, paid employment. The following section outlines some of the issues (high participation, evaluations, consequences) of this debate in PES work with immigrant employment.

### 4.3.3 *Immigrants and Labour Market Programmes*

Generally, labour market programmes are intended to improve competence, the ability to work, increase opportunities for ordinary employment and prevent the employed from falling out of the labour market. On a macro level, labour market programmes provide qualified labour and endeavour to prevent and alleviate the negative effects of unemployment ([www.aetat.no](http://www.aetat.no)).



**Figure 4-2 Participation in Labour Market Programmes 1995-2002**

In periods of high unemployment, participation in labour market programmes contributes to measures for active labour market policies, whilst reductions in programmes are common during low unemployment and replaced with an emphasis on

job brokerage. This distinction is not as clear for immigrants. Statistics from Statistics Norway shows that the proportion of immigrants participating in labour market programmes has been much higher than among the rest of the population. In 2002 nearly 2% of first generation immigrants (of working age) participated in labour market programmes, which compares with less than 0,5% for the total population.

If the principle reasoning behind this is the general evaluation of immigrants needing more qualifying before job brokerage is possible, it may be a necessary step. However, a number of studies question the utility of programmes, the reasons for placements in them, as well as its consequences. The public employment services' assistance of immigrants appears to be affected by systematic and structural issues.

Some studies carried out by those who have examined the PES from the outside or have been written by employees of the PES have brought up the practices of working with target groups (such as the long-term the unemployed and immigrants). They mention that job assistance in practice often results in assistance into labour market programmes. This occurs as these groups take longer in finding employment and therefore utilise more of PES resources along the way (Lund, 1992; Skudal, 1995; Hovland, 1997). Lund (1992) found that PES employees "preferred" placing job seekers into labour market programmes rather than providing job brokerage assistance, while Hovland's study (1997) suggested that PES employees may use their discretion in defining "job readiness" to exclude job brokerage and instead include placement in labour market programmes as the job brokerage of immigrants is often time consuming.

There is in addition to this, an in-built systematic emphasis on placement in programmes for immigrants within the organisation, particularly during periods of high unemployment (Skudal, 1995; Hovland, 1997). The public employment services operate with clearly defined and prioritised groups of job seekers who are prioritised on labour market programmes. Immigrants are one of these targeted groups. Hovland (1997) characterises PES work with immigrants by an over extensive emphasis on labour market programmes.<sup>10</sup>

Immigrants are not defined as being ready for ordinary jobs in the labour market and are consequently channelled into a variety of programmes to qualify them for ordinary work. This channelling of immigrants into programmes, in combination with the policy of target groups being prioritised for these programmes,<sup>11</sup> means that immigrants are effectively being offered placement in programmes rather than unqualified employment (ibid). This is exemplified by the 1996 programme letter which mentions that programmes should be directed at vulnerable groups (during a period of improved employment) and in evaluating the “programme chains” which are referred to as “carousel” by Åsboll (1990).

The PES is therefore intended to and is structurally capable of implementing chains or combinations of labour market programmes. This is usually explained by the programmes (and high levels of these) being a principle component for the success of a government’s plan for national employment policies and in tackling unemployment, particularly so for one resting on social-democratic values.

Questions have also been raised regarding the utility of labour market programmes. Hovland (1997) defined four measures as being the most important for immigrant youths; wage subsidies, labour market training, trainee programmes and vocational training. First, programmes are mainly directed at qualifying labour for the secondary segment of the labour market (though other alternatives such as IT, post-secondary education do exist) which does not provide formal competence. It also results in immigrants being placed in jobs with a higher risk of unemployment during deteriorating business cycles (ibid). Since the lack of formal competence is evaluated as one of the significant obstacles to immigrant employment, the use of vocational training is judged to be somewhat redundant in the long run (ibid).

The second problem with labour market programmes are that they are not always satisfactorily planned in terms of job seeker and market needs. Hovland (1997:87) refers to a May 1993 report by Kontaktforum which brings up the issue of improving quality and integration in the labour market through an examination of target groups and their needs. Skudal (1995) found that in some periods of high unemployment, pressure from the directorate is applied for the placement of the

unemployed in programmes, with a subsequent inattention to the relevance and quality of services due to limited resources. This suggests that planning and implementation of programmes is not always founded on a relevant and contemporary empirical basis.

The third concern with labour market programmes centres on their effectiveness, which given the high expenses and frequent usage is a vital question. A number of assessments suggest contradictory evidence as to the effectiveness of training programmes (Schøne, 1996; 1997; Hovland, 1997; Halvorsen, 2003). Hovland (1997:51) draws brief conclusions from research that point to effects of labour market programmes being ambiguous and mixed. Labour market training courses seem to have a positive short term effect on the probability of subsequent employment, but these findings do not apply to the youth. Long term affects are more uncertain and a danger of over estimating positive effects may exist due to creaming i.e. the best candidates are selected for programmes/schemes. Halvorsen (2003:11) is reserved and finds that active labour market policies have only had a limited effect on the level of employment in his case study Denmark and that it only has effect in times of growth. Schøne (1996) found positive employment effects from many of the specified training courses, especially connected to labour market training, vocational training, wage subsidies and the IP for immigrants in terms of subsequent or later employment. The greatest effect was found for those participating in wage subsidies, with a 17 percent point higher chance of subsequent employment in comparison to a reference person who did not participate in the programme (ibid: 79). For ordinary labour market training, labour market training for immigrants, vocational training and the IP, effects were respectively 5.6, 2.1, 4.3 and 7 percent points. While there is little doubt of a positive correlation, one may question the significance of the positive effects. Lund's study shows how some PES employees believed the volume of labour market programmes to be "overly exaggerated; the system is enormously costly and may contribute to leading to undermining the real unemployment" (1992:46). Labour market programmes appear to have ambiguous results and may not necessarily improve the employment status of immigrant job seekers.

#### 4.3.4 *The Importance of Labour Market Programmes*

The frequent usage of labour market programmes for immigrants and its use as a standard response in the assistance of immigrant employment is puzzling, particularly because positive effects are neither consistently highly significant nor unequivocal. The importance of programmes may be explained by a number of factors.

Participation in labour market programmes, particularly those from prioritised groups have been important indicators for goal achievement and performance for the PES. As seen earlier, measurement of performance is principally a quantitative goal and the number of job seekers participating shows others what is being done in assisting employment. Since qualitative measurements are lacking, this may suggest that the effects programmes have is not as important within the system of measuring goals and achievements. In addition, the sheer volume of labour market programmes being produced (particularly during high unemployment), and the added emphasis on these as a means of achieving the goal of assistance to immigrant employment makes the use of labour market programmes hard to avoid.

Programmes also have a long tradition (since the 60s) of being a standard solution to addressing the needs of vulnerable job seekers and for qualifying labour. So despite relevant effects, placement in labour market programmes may simply reflect PES standard response in dealing and assisting employment of the hard-to-place job seekers.

Labour market programmes could also function as the closest achievement to employment in practice. Since job brokerage is difficult, placement in programmes may be the closest alternative for those working with immigrant employment. Hovland (1997) characterises work with immigrants as having low status as they're not as easy to place (in employment) and as they do not satisfy potential employers' demand for qualified labour. This may result in an added emphasis on programme utilisation in an organisation. All in all there are existing structures and policies that make immigrant placement on programmes more probable than job brokerage.

#### 4.4 Conclusion

Since the 1980s the PES has been characterised by an increasing level of service specialisation and more market based financial and management tools. The ideology of equity has been replaced by efficiency and an administrative management that has moved from neutral professionalism and rule management to goal achievement and performance. Organisational efficiency has increasingly been in focus as a result of a series of reforms which have identified challenges and solutions. The weaknesses of the organisation, its hierarchy, the number of diverse goals, structural problems such as the division of labour have been sought rectified through decentralisation with delegation, a simplification of goal structure and clarification of responsibilities through a goal and result management system. There has been a continuous emphasis on creating a more decentralised organisation that effectively tackles the differences in national, regional and local labour markets. The opportunity to use local discretion by lower units has been regarded as a prerequisite for effective and flexible services. Developmental processes may therefore be characterised by an emphasis on organisational instrumentality. However, the number and repetitive content of organisational reforms suggests that the organisation has changed slowly and has consisted of both traditional and more modern administrative features simultaneously.

The development of employment assistance to immigrants by the PES is characterised by a structural ambiguity which is seen through PES concerns with its ability to co-ordinate efforts for immigrants with the division of services through general and specific units and its general challenges with the division of labour. The assistance of immigrant job seekers also appears predominantly practiced through placement on a number of programmes rather than a strong goal orientation of job brokerage. A number of reasons have explained why programme participation is a popular solution. Most importantly perhaps, the emphasis on programmes follows the traditional organisation response (labour market programmes) to groups that are vulnerable job seekers on the labour market. As such the organisation demonstrates that it previously has had a cultural bias in exercising service provision.

## 5. CURRENT STRUCTURE AND POLICIES

The public employment services have been through a number of reforms starting in the 1980s that have attempted to improve management and organisational structure. Today's PES is flatter, more specialised and uses the obligatory goal and result management (GRM), which reflects the standard requirements of contemporary public service organisations.

This chapter examines the current organisational structure and the administrative policies of the public employment services. Each section is followed by a discussion on practices and effects based on the information provided in the sections and on information from respondents for the lower level. Effects of the current organisational structure are evaluated from a general level and lower level, while effects of management are viewed primarily through the point of view of the lower unit (as general management effects are discussed in the general section of management).

### 5.1 The General Organisational Structure of the PES

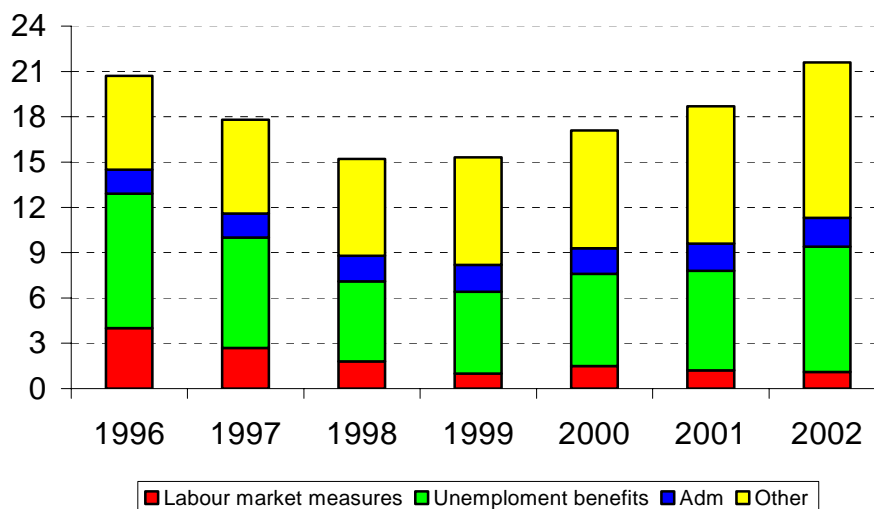
The PES is directed by the Ministry of Labour and Government Administration. The Ministry is responsible for national policy, contact with the Parliament, overall evaluation, policy measures and assessment of developments on the labour market. The Office for Labour Market Policy, within the Ministry, is responsible for national-political co-ordination, formulation and supervision of policy on labour market programmes and the unemployment insurance system. A broadly representative council advises the PES directorate and has replaced the tripartite executive board that managed the directorate until 1999.

Services from the employment agency have been growing substantially over the past decade and have lead to an organisation that is increasingly vertically and horizontally challenged. Services have traditionally been specialised according to the function and line/staff principle (Gulick, 1937) and remains this way today. This means that departments are still grouped together in order to combine homogenous or

related activities within the same unit (function) and that there is still a distinction between the operational units concerned with achieving goals and units who primarily provide advice, service or support (line/staff). The specialisation reflects the growing complexity of the PES task environment, with new areas to administer and fiscal concerns where cost-efficiency and economies of scale are intelligent solutions.

Since 2001, the PES has been undergoing extensive organisational reform, as a result of the modification of the Employment Act of 1947. The Odelsting (no. 70 2001-2002) proposed an amendment to the constitutional regulation of the public employment services' organisational structure. On a practical level, the reorganisation of the public employment services seemed to be the result of two specific factors. First, the existing structure appeared to be the result of various reforms and adjustments over time and did not reflect contemporary needs (including modest resources). Second, the government's objective for more effective and customer orientated public services demanded a different organisational structure.

The following graph illustrates the activities of the public employment services. One may note a significant increase in expenditures of unemployment benefits and other expenditures (rehabilitation measures) in 2002, alongside minimal increases in administration. The expenditure on labour market programmes is considerably lower than the mid 1990s.



**Figure 5-1 The Allocation of PES budget on activities, NOK billion 1996-2002**

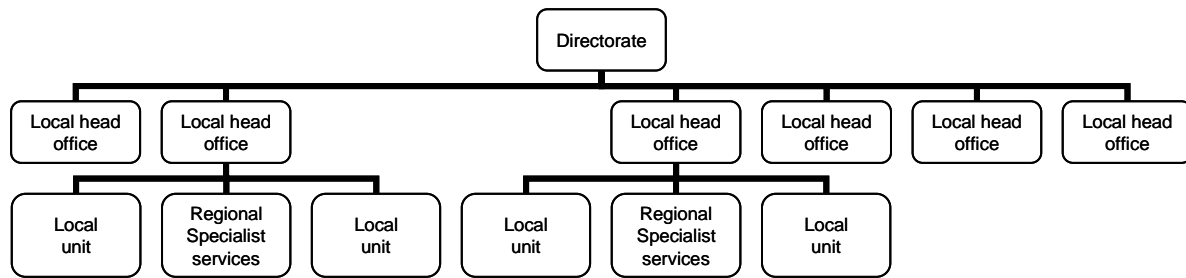


### 5.1.1 *The Reorganisation of the Upper Levels of the PES*

According to Ministry's proposal letter of 05.07.2001 vital considerations for the reform were moving resources from administration to customers, a simplification of the management system, including reporting and control (free resources) and the delegation of authority and rule simplification that allowed for greater local deliberations. Two alternative forms of organisation were assessed by the directorate and proposed to the Ministry in 2001. They were the regional model and (regional) head office model.<sup>12</sup>

The regional model was more similar to the pre-existing structure, with intermediary units carrying out management and co-ordination functions between directorate and lower levels. The suggestion entailed a reduction in the number of regional offices that would subsequently serve larger areas. By giving the regional units more authority in managing and controlling local units it would strengthen regional management and co-ordination. Other specialist units would be placed under the regional offices. The delegation of more authority to the regions meant that the directorate would be able to build up its role as head of the agency and involve itself more in strategy, management, development and evaluations. The obvious advantages according to the proposal were: the economies of scale, the stronger position of regional interests and developing the directorate's strategist role. The principal disadvantage was span of control with a few regional units managing a number of various departments. The directorate endorsed the regional model.

The second alternative was for a local head office that brought the intermediary (regional) levels closer to the local level of PES units, creating a less hierarchical structure. The local head office model removed regional offices at intermediary level and placed them physically with one of the largest local employment offices in each defined region. Regional and local functions were intended to be kept separate by having different leaders for the two different functions. This model was preferred by the Ministry and the one chosen for the reorganisation of the public employment services. The figure below illustrates the new organisational structure and is based on the organisational map from the Ministry's proposal letter (ibid):



***Figure 5-2 The Organisational Structure of the Public Employment Services 2001***

In the newly implemented model, local head office units are responsible for the implementation of labour market policies, the distribution of resources (personnel, means, daily running) and reporting to the directorate. In addition it co-operates with other regional units and continues to act as an advisor and provide support to other PES units (ibid). The reorganisation of local head offices has not affected the area of Oslo and Akershus as it is large and covers 25% of the workforce and 20% of the customers.

The establishment of local head offices is intended to bring management and co-ordination functions closer to the customers, improve the quality of services at head office level, and free resources for service production (ibid). For local head offices the operative proximity to local employment offices and customers is intended to improve the basis for prioritising and distributing resources in the region, particularly in rapidly changing situations. In addition, the establishment is thought to reduce hierarchical structure by creating room for bottom up impulses, especially from customers (ibid). It seems a vital political consideration in the new organisation. The delegation of authority to units lower down has also intended a simplification of the agency's management system through a simpler goal structure, more operational strategy plans and simpler requirements for reporting.

It is important to note that while the latest reorganisation has adjusted the formal structure of the public employment services, it has not notably changed the manner in which services have been organised. Services are still provided according to

the function and line/ staff principle, though some differences do exist and are more noticeable in the local (lower) level of the organisation.

#### 5.1.2 *The Reorganisation of Local Units*

For local employment offices the reorganisation has meant a number of adjustments. Earlier, the PES directorate was responsible for the principles of local organisation. This meant that local employment offices were liable for the provision of all services, such as the processing of unemployment benefits, job brokerage, qualifying and reception services. Now some local offices have become specialists for certain functions, whilst others provide “back office” support (as is the case for Oslo units). An example of this is the processing of unemployment benefit claims which are delivered to the local employment office but processed by a centralised local office that processes claims for the whole region. The “outsourcing” of specific services has occurred at a time when significant PES budget reductions were taking place. While some lower units are also becoming more specialised than before, each office must still carry out certain basic functions, such as qualifying and assistance of target groups.

Local employment offices are also free to organise themselves in the manner they find most appropriate, as long as they are customer friendly. Offices may be based on team organisation rather than departmental concerns and goals for organisation are outlined as follow in the Ministry’s proposal letter (ibid: 6):

- An increase in customer orientation through a more holistic approach to customer needs and the transfer of resources to customer related activities.
- Greater flexibility by opening for local discretion based on local needs.
- Increasing employment officers’ authority. Room for greater local discretion through the delegation of responsibility and authority to employees.

According to the proposal letter, it therefore seems as if the local employment offices, local head offices and the directorate have more autonomy and authority in deciding organisational structure and service provision than before. The amendment has given

the PES (directorate) more authority in deciding internal organisational form with less supervision from above, especially since the judiciary regulation of its formal structure has been eliminated. In addition, it has “eradicated” regional offices at the intermediate level, opened up for more flexible solutions to organising services and taken use of the public employment services trademarked name *aetat* (since 2000) through law.

The latest organisational reform is fairly recent and it is therefore uncertain what the full impact of structural consequences will be in the long run. It is possible though to describe the general tendencies, potential effects of the reorganisation and the perception of effects through the reviewed documents and based on information from respondents. The following section describes the structural consequences of the current organisation of the public employment services, based on the principles for the reorganisation and respondents’ views.

### 5.1.3 Practices of the Current Organisation

Based on the latest reorganisation, the general organisation appears to be more flat than hierarchical in nature. By removing the regional employment offices at mid level and providing more autonomy to local employment offices in management and organisation, the PES seems to be moving towards increased decentralisation. This gives local head offices an improved position in managing and co-ordinating activities based on regional characteristics. It also allows more autonomy to local employment offices and features less attention on detail which provides a solid foundation for local features and considerations.

According to the respondent at the local head office there is a difference in the management approach to local employment offices now. The respondent says that the local head office is more interested in providing guidelines than in the active supervision of local management. This view on decentralisation further down in the organisation is however not shared by all respondents. Some are more sceptical of reforms and point to past decentralisations as having had little real effect. One respondent points out that there is little room for autonomy or local input and that this has always been the case. Another mentions that the decentralisation has had no effects and that there is less autonomy in a lower level unit than before. The view seems to be

that their concerns and opinions are not “seen or heard” within the upper echelons of the organisation.

The view respondents have is characteristic of which level they find themselves in within the organisation. Leaders generally have a more optimistic view of the new opportunities and freedom in management. It is however still surprising that a significant number of respondents do not find that their organisation or activities have been affected by the latest round of decentralisation.

Local PES units have also been given the freedom to organise their units to suit local conditions, allowing offices to reflect local job seekers’ needs. This seems poorly implemented at the local employment office as it has no new structures that consider the large population of unemployed immigrants. On the contrary, the structural organisation of immigrant services by the local employment office has deteriorated considerably according to one respondent. Respondents mention that the local office previously consisted of 11 employees working with the counselling of the long-term unemployed, the youth, immigrants and other “ordinary” job seekers. Now this unit consists of four, with two working specifically with immigrants and who also step into other organisational functions when the need arises. They add that local variation in structure is not possible due to modest resources, a statement which is supported by the local head of office who mentions that another form of organisation may be worthwhile but not permissible within the given framework. The structural organisation of the local employment office does not therefore represent local consideration to the needs of the unemployed but more an adjustment to the level of resources conferred.

The organisational structure of the PES is still based on a line/staff principle. Each level is generally separated by their definition as a customer or administrative/support unit within the PES. Division of labour has become quite extensive as the PES has come to have a variety of specialist services (such as: Intro, employment counselling, vocational rehabilitation) that it carries out in addition to the regular employment services. This latest reform has resulted in some change in the absolute distinction of the line/staff. In Oslo, for example, centralisation (or “outsourcing”) of

specific services, such as the processing of unemployment benefits, the management of labour market programmes and job brokerage has taken place. Usually, this means that one unit within the region is responsible for carrying out the “outsourced” task.

Respondents mention that the centralisation of some services has made it more difficult to work as efficiently as before. The splitting up of employment processes (into components) that previously have been dealt within one office is seen as decreasing the spectre of the local office’s services and its ability to work optimally with job seekers. There is a perception of “distance” to the department that carries out the new service and one respondent also questioned the efficiency of a system where information regarding job seekers is computerised and where centralised units lack the “human” evaluations and specific knowledge that the local office has of job seekers.

Division of labour, an issue brought up in previous reforms may still be problematical in the new organisation. PES has a combination of both general and specialist units dealing with particular issues. Specialist units in the different regions provide extra services for certain groups. This division between local employment offices and these other units may be difficult to define and ascertain, as responsibility for customer groups will overlap. Immigrants may be provided with assistance from a general or specialist unit, though language skills alone do not determine where they end up in PES. Intro provides supplementary assistance to people with an immigrant background and spreads its expertise to other PES units. Referrals are given by the local employment office and based on an individual officer’s discretion. Referrals may therefore be arbitrary. In addition other factors may play in. One respondent mentioned that unemployed immigrants are referred to the Intro unit more frequently as modest resources do not allow them to assist job seekers as before and other organisational alternatives must therefore be pursued. That the division of labour is unclear is also exemplified by a respondent bringing up an example of the local office referring its head office to the Intro unit when asked for goal performance that the local unit sees as being within Intro’s domain. Here, accountability for results did not necessarily lie within the one unit that was considered responsible by the local head office.

The division of labour and specialisation carry characteristics of production orientated businesses where advantages are economy of scale, standardisation and specialisation of particular skills and competence. However there may also be some disadvantages. Span of control becomes an issue, the larger and more specialised the organisation becomes. While responsibility for this has moved from directorate to head office level, the issues remain the same. There are a number of units to be managed and with extensive horizontal specialisation, the PES risks units focusing on their own goals rather than the goals of the organisation as a whole. Goal heterogeneity and interdepartmental conflicts may result.

Another disadvantage is that the element of standardisation that springs from division of labour and specialisation may, also result in overlooking the individual needs of job seekers that forms the cornerstone of securing quality services and efficiency according to the latest reform. While the local office has tried to retain features in structural organisation that have been perceived as being helpful to immigrants (immigrant specialists), respondents generally view this as insufficient. Specialist positions within the local office are no longer fixed to a particular function/department and while this aids organisational flexibility, it also means that (at times), the local PES office has little to no resources in assisting immigrants which is a view shared by a respondent working close to the local unit.

Respondents are not the only ones who relay scepticism in the organisation of services to immigrants within the given framework. Organisationally, the opportunity to use local autonomy in structural organisation based on the needs of local job seekers has been very limited. Respondents have not mentioned any specific local structure that has been implemented to meet the large group of immigrant job seekers that the office serves which is surprising considering the office covers a region with more immigrants than any other part of the country.

So far it appears as if the latest reorganisation has had limited structural effects. The presence of a holistic customer orientation is hampered through the splitting up and centralisation of specific services. Local organisation reflects the extent of resources rather than job seeker demographics while general organisational structure

seems a modification rather than an entirely new approach to organisation. However, before concluding on the effects of the latest reorganisation, one must look at the organisation's policies and see whether they practice the simplification of management, the delegation of authority and local discretion in order to assess policy effects both generally for the organisation and specifically for immigrants. These issues, which form the core of PES contemporary administrative policies, will be examined in the next section.

## 5.2 Policies of the Public Employment Services

The term administrative policy refers to a coherent set of ideas and practices directed towards the organisation and processes of public administration, as the “ideas, goals and programs aiming at influencing the formal organisation, personnel and working methods of the public administration” (Christensen and Lægreid, 1996:3). This section examines and describes the public employment services' policies, both generally for the organisation as a whole and policies specifically for immigrant. Administrative policies are defined as the management system, organisational goals and labour market programmes for the general organisation and the level of a local employment office.

### 5.2.1 *General Management*

Since 1994, management of the public employment services has been based on goal and result management, laws, regulations and rules that combined place a framework for PES activity, unemployment benefits, programmes and vocational/medical rehabilitation (Statskonsult 1994:9).

The management of the public employment services is increasingly based on a number of elements from New Public Management doctrines. The employment services use both goal and result management (GRM) and corporate plans as management form and work method for setting and reaching goals. Through a system of setting primary and secondary goals with achievements, evaluations and an emphasis on ends rather than means, state organisations are given more responsibility and accountability for their performances. The use of corporate plans<sup>13</sup>



(“*virksomhetsplanlegging*”) is also extensive within the PES. These define the strategic plans with main goals, and results within a one year time frame. While corporate plans were made compulsory for state institutions in 1987, there have been varying degrees of adjustments to these reforms (Christensen, 1991) and questions have arisen concerning the practical relevance of these plans for state administrative units.

The introduction of goal and result management purposes to increase the delegation of responsibility for services further down in institutional hierarchy to those closer to the customer. The decentralisation advises that local employment units be given more autonomy in strategic planning and operations, professionally and methodologically, within the economic framework, goal structure and goal achievements set by the directorate (Sundland, 1997). Skudal (1995:28) writes that the goal management system was meant to lead to an increase in goal focus, the delegation of decision-making (in choice of means) and attention to result indicators.

Generally, management reporting is a formal and quantitative process, with comments on achievements or deviances from the pre-set target results. A quantitative basis for results enables leaders to compare different units and functioning. One of the principal disadvantages of the GRM system (as mentioned earlier) is that qualitative goals risk neglect as they are not easily translated into quantifiable goals.

The move to decentralise and provide lower units with autonomy is an intent that is both old and new. Brought up again in the 2001 reform, it is a trend that has been advocated by OECD member countries who also have encouraged greater involvement from local/regional authorities, social partners and private/voluntary sectors. Decentralisation in decision-making proposes to improve the operational efficiency of the PES by establishing the administrative flexibility needed to cope with the differential patterns of national and regional labour markets. In addition, it calls for the broader mobilisation of local resources through municipalities and other local actors. National and local co-ordination means that programme activities have to be adapted to local circumstances. The OECD (1998) advocates that policy instruments not be over-regulated and that local employment offices are given some discretionary

powers that enable them to co-operate with a wide range of local activities. In exchange for delegating more decision-making power to the local level, national authorities are encouraged to set up more explicit goals and requirements against which the results of the local offices are to be evaluated and compensated.

Norway has followed these international trends and developments by embarking on a process of transferring responsibility for the PES further down the organisation. In PES magazine *Forum* (Strand, 2001) the director general of the PES, makes it quite clear that there would be a change in PES management focus with a greater emphasis on goals rather than rules and more attention to goals rather than organisational activities. According to the director general the PES needed to be more engaged in doing the right thing and less concerned with doing it right (ibid:3). He also added that decisions concerning job seekers were to be aimed as “packages” for the individual (ibid) reflecting one of the ideas the Ministry had proposed during reorganisation.

There is an emphasis (as seen in the Ministry’s proposal letter of 5.7.2001) on more autonomy for operative units in the organisation alongside greater accountability. The significant regional and local differences mean that decisions should be based in the actual regions and give room for discretion and flexibility which are tailored to the job seekers’ needs and give employees the necessary professional discretion required.

The management dialogue, which previously had been criticised for being far too hierarchical, was brought up as an area that needed improvement. According to an evaluation carried out in the PES during the spring of 2001, communication from bottom-up was commonly perceived as being poor (ibid). The solution was to turn the management dialogue around by increasing the discussion of cases in breadth during the early phases of decision-making. This would make it possible for internal actors to influence the basis for decision-making that would provide a common understanding within the organisation and legitimate organisational decisions (ibid).

There have therefore been a number of formal adjustments in PES management. These consist of more autonomy for lower units, local and professional discretion that provides more effective services and organisational flexibility.

### 5.2.2 General Management Practices

While goal and result management is the system through which the PES is administered, it is the setting and pursuit of goals and achievements that defines the practices of the public employment services. PES annual reports usually feature four principal goals, each with its own sub-goal/targets (see annual report 2001):

**Figure 5-3 Objectives of the Public Employment Services**

Vision	A well functioning labour market			
Main Goal	Active and qualified job seekers.	Good supply of labour.	Effective management of financial benefits.	Spread PES expertise of the labour market.
Results	Qualify and broker more job seekers to work.	Quick and good recruitment support	Quick and correct payments of financial benefits	Satisfied customers

The goal structure establishes the framework for planning and reporting (Falch, 2000). Public employment service units at various levels may even be identified through one or more of the goals. Guidelines for carrying out labour market policies and specific political guidelines are also found in annual programmes (“*Programnotat*”) which are based on the Parliament’s budgetary approval. These programmes are the basis for setting annual result indicators which are later used in evaluating whether PES units have reached the set target goals (ibid). All units within the PES have to formulate their own annual corporate plans, while local head offices co-ordinate and control target achievements for the whole region. The annual programme documents how the public employment services are going to accomplish achievement of pre-set targets through its activities and use of resources. Operational plans are built on the analysis of the labour market and internal factors (ibid).

In a historical perspective, it hasn’t been important to establish a hierarchy of goal preferences as governments have been willing to pursue expansionary labour market policies. This means that the organisation has been able to carry out a number of extensive and differing goals. However, with the contemporary pattern of

reductions in resources and budgets, the achievement of a number of different goals and priorities has become a more complex issue. Skudal's study (1999:31) points to goals being viewed as being partially conflicting and the signals of prioritised goals and result achievements as being unclear (Skudal: 1999:31). There is a common perception (ibid) that it is not possible to pursue all goals all the time without putting another priority/activity aside within the given framework. As prioritised goals often tend to be political goals, the temporary inattention of a goal is not a probable option. The achievement of goals and sub-goals is imperative to demonstrating that the PES performs its functions efficiently and rationally. This also means that the organisation's main goals are essential for the organisation.

Within professional bureaucracies like the PES, issues of professional practices can therefore appear to be contradictory. On the one hand, the diverse functions and the type of expertise suggest the need for both individual professional judgement and some measure of autonomy. On the other hand, standard operating procedures ensure that tasks are reliably performed. It is often the case that the larger the organisation, the greater its tendency to rely on standardisation. Consequently, larger administrative organisations tend to rely on both bureaucratic management (and social norms) for managing professionals. The dependence on a clearly formulated and formalised set of goals and result achievements makes it clear to employees what activities work should consist of. However, formalisation simultaneously limits their ability to exercise professional discretion, which is a management goal that has been defined as being valuable for securing efficient services for individual job seekers and for providing more organisational flexibility than has previously been possible.

For the public employment services these issues are well reflected in the pursuit of their principal goal, job brokerage and in their assistance towards unemployed immigrants. In 1992 Statskonsult had written that while the PES does not have a responsibility for the unemployed really getting jobs, the number of placements filled through PES assistance will be one of many success criteria. By 2000, this criterion held great importance and the focus on the number of people placed into jobs by the PES was one of its singular successes mentioned in annual reports, articles and

published statistics. However, media coverage, an evaluation and report on practices of job brokerage later revealed that statistics were being manipulated by PES officers who acted tactically in order to register high activity on placements. The placement of a single individual could be reported as multiple entries. Statistics on job brokerage are no longer being published. In a system favouring the pursuit of quantifiable goals there appears to be an inherent temptation and bias in following these.

The second example showing the pursuit of the organisation's formalised goals is the assistance of unemployed immigrants. Traditionally, labour market programmes started out as a measure to combat the lower participation of groups that experienced problems in entering the labour market. Today, they are a popular form of maintaining and improving skills among defined target groups and particularly for immigrants. Labour market programmes are generally used extensively in periods of high unemployment though it is still common practice to prioritise immigrants on labour market programmes (see for example PES annual programme for 2002). Currently, there are six measures immigrants may be placed on:

- *Wage subsidies*: intends to assist in motivating employers to take in the unemployed for ordinary employment with normal wage and employment conditions. The PES offers wage subsidy for a limited period and has the aim of permanent employment. Offered to vulnerable groups in the labour market.
- *Labour market training/training* (“opplæring”): to qualify job seekers for ordinary employment and to prevent them from falling out of the labour market. Training is given through labour market courses organised in co-operation with PES. This is aimed at persons (above the age of 19) with an occupational disability, those in an insecure employment situation as well as other unemployed persons.
- *Labour market training for immigrants*: intended to improve the job seeker's knowledge of Norwegian language, society and a professional basic knowledge for education. In addition job seekers are given information and training for the job seeking process and the labour market (see section 4.3.1 for more information).

- *Trainee placement* (“arbeidspraksis”): ensures more tailored employment training with follow-up services that test the job seekers possibilities on the labour market and increase opportunities for employment or education. Individualised activity plans and aimed at job seekers (also those with a vocational disability) who need tailored training and follow-up services.
- *Temporary employment measures*: gives work experience to those who are at risk of being shut out of the labour market over a longer period of time or experience difficulties in entering the labour market.
- *Employment measures for the long-term unemployed*: is intended to give the long term unemployed work experience and training. The employer has responsibility for suitable training during this period.

The numbers of immigrants being placed in programmes have been important indicators of the public employment service’s goal achievement for this group. It indicates an activity and a measure to reduce unemployment. Up until 2000, no result indicators existed that calculated the number of immigrants that were assisted into ordinary employment. According to the PES, results for this group have traditionally been measured through their “intensity” in labour market programmes. For immigrants this results in the potential situation of being unnecessarily placed in labour market programmes instead of consideration for ordinary job brokerage (see chapter 4 for more explanation). Labour market programmes therefore function as an important symbol. However, a recent change, such as an indicator that counts the number of immigrants placed into jobs, indicates that a search for more relevant indicators for this group is being pursued. Though this result indicator may over-represent those employed (as figures include immigrants on wage subsidy programmes), it is still a more relevant measurement of PES work in the assistance of immigrant employment than the number participation in programmes.

The tactical prioritisation of work that gives successful result achievement in the organisation is one of the risks PES runs when goals are highly formalised and the ability to exercise professional autonomy in units is limited. Dependence on

standardised solutions will prevail while organisational flexibility in service provision is reduced. The overriding interest in measurable organisational goals may contribute to setting the framework for the interests and priorities of the PES. And as such activities that measure the achievement of results risk becoming activities that will be pursued by organisational units.

Administrative policies lay a framework for how work is carried out by various units within the PES. The next section examines management practices at the local level and more specifically related to the local unit's work with immigrants.

### 5.2.3 *Management and Practices at the Local Level*

The management system and its goals are rarely able to unilaterally impose formal rule systems within the organisation. While employees have little control over policy making or the implementation of rule systems, they do exercise freedom insofar as they actually perform their services. Confronted with bureaucratic management systems, they invoke their own judgement by applying them in a manner considered appropriate. Consequently, their actual performance of professional work may not necessarily reflect all of the formal organisation's policies.

Within the local employment office there is unanimous agreement that the public employment services' primary goal is job brokerage, followed by qualifying the unemployed to increase their chances in the labour market. The formalisation of the organisation's specific goals and activities signalise their importance within the PES. For respondents at the local employment office, goals and result achievements give clear indications of what work should be carried out. This means that "obligatory" work assignments are prioritised whilst tasks that are not equally essential in general organisational terms are shelved in a hectic employment situation. Generally this results in the prioritisation of the organisation's principally formulated goals and objectives, according to respondents.

As attention to "centralised" goals is high, the level of individual autonomy and professional discretion in the work carried out may be affected. The local employment office's responses have been mixed. While most agree that the manner in which they choose to carry out their work is based on their own choices, the degree to which they

experience autonomy within the organisation is highly divergent. There is also a difference in the level in which autonomy and discretion apply. Respondents mention that they work within a local organisation that tries to be flexible and has trust in individual officer's exercising their professional discretion. It is the general organisation that is perceived to be more rigid in the pursuit of main goal achievements. There is little perception of the general organisation providing autonomy or leeway for the interests of lower units. The PES appears to be viewed as a hierarchical organisation in policy-making and implementation.

Respondents explain the lack of autonomy as a result of the organisation being extremely politically controlled and due to the organisation's many obligatory goals, which leave very little, if any room for autonomy. That the organisation is politically sensitive is also supported by replies from respondents who experience pressure from the external environment and particularly from politicians.

The organisation is also seen as having a significant focus on the quantitative target achievements and a tendency for these to be guiding for work that is carried out by employees. One respondent mentions that the quantitative and qualitative demands conflict with each other and that the quantitative focus detracts from the quality of services provided to job seekers. She adds that the emphasis on results and achievements means that indicators such as the percentage participating in programmes becomes more important than evaluating the individual needs of job seekers, and results in losing sight of long-term goals. There is a common perception in the department that qualitative work gives better results for a group that can be difficult to place and that this opportunity before. At the same time, there appears to be a modification to this focus by the unit, as one respondent points out, they are trying to concentrate more on the quality of services now. This conscious choice and emphasis on the quality of services in this department may be too new for premature conclusions but indicates at least, an idea that seems at odds with general management practices within the public employment services.

As the pursuit of the organisation's principal goals become essential in guiding the work of employees it becomes difficult to balance the efficiency and equity of



services. The extent to which a local unit can strike a balance between working with disadvantaged groups and other groups of job seekers and employers becomes limited by the framework in which they work, more so if they are not provided with real autonomy and local discretion in providing the relevant services.

Respondents are unanimous in their agreement on immigrants having been a prioritised group in the PES for a long time. The manner in which this assistance is provided is more in dispute. Generally, respondents working with immigrants find PES assistance towards this group to be lacking. Work with immigrants is seen as a challenge, since the group is perceived to be time consuming, heterogeneous and difficult to place into ordinary employment quickly and effectively. These characteristics of immigrant job seekers in an organisation that has many considerations mean that organisation solutions are not always optimal for the individual job seeker.

PES assistance to immigrants has not changed perceptibly over the years. It is still characterised by an emphasis on participation in labour market programmes to improve employment opportunities. It can lend itself to the interpretation of being a goal in itself. One respondent mentions that there are many immigrant job seekers on programmes who shouldn't be there. She adds that job seekers may participate in a number of programmes without any tangible results and that while it might look good on paper, it is in fact short-sighted. The reason they are placed in programmes is explained by the department's modest resources in being able to provide better services such as job brokerage to this group. The implementation of policies specifically dealing with immigrants is problematical and there is a general perception that it is difficult to provide good quality services for them. While immigrant job seekers are prioritised on paper there is a difference in practice, according respondents. Respondents bring up the need for stability in providing good services and say that this is seldom the case in an organisation that is under considerable political control and undergoes a number of reforms.

In addition to problems of implementation, the measurement of assistance to immigrants is still quantitative. Other measurements than the number placed in

programmes or jobs are non-existent. Since measurement of services remains quantitative, it makes it difficult to prioritise the long-term and qualitative goals that respondents cite as necessary in adequately measuring and evaluating work with immigrants.

The modest resource situation (time and personnel), the placement of immigrants on labour market programmes even when evaluated as unnecessary, and the lack of professional discretion in finding good solutions for immigrant job seekers rather than standardised organisational responses affect the local unit's ability to carry out services. It is worth noting, however, that the local unit is not a passive recipient of management policies but also has opportunity to give feedback to superior levels, which is used by the local unit, according to a respondent.

There are therefore a number of factors that affect the way in which PES employees work with immigrant job seekers. On the whole there seems to be little flexibility in working with the group and it appears as if the management signals from above are more important in steering everyday work than local (job seekers) needs. The proposal of individualised packages, of increased local authority and flexibility are not significantly reflected within the unit nor in their work with immigrants. Control of result achievements is extensive and registration of client information, according to one respondent seems to show little trust in the ability of officers due to the number of checkpoints. The latest reforms therefore seem to have had little specific effects for immigrants.

A respondent working at the job centre in the borough of Grunerløkka-Sofienberg has a number of points on work with immigrant job seekers. He explains how the municipality's borough established a job centre to meet the needs of local job seekers who were not defined as being ready or motivated for job brokerage by the PES. As a number of job seekers were being left out and their employability defined differently than before, the borough decided to establish a low threshold job centre that would cater to individuals potentially eligible for welfare. He adds that there have been occasions when differences existed between what was being said and what was being

done by the PES for its target groups. However, in his view, while priorities, words and promises have had little meaning before they seem more sincere now.

So while the latest version of the PES reform clearly gives more room for the use of local authority, discretion and a more holistic approach in services, practices show that they are modest in use. Administrative policy upholds central organisational goals, with insignificant adaptation to local circumstances. Formalisation of goals and achievements are guiding for local organisational behaviour and still rely on quantitative measures that seem to conflict with demands for quality services. Balancing the general goals simultaneously whilst prioritising local job seekers' needs is a complex task that is difficult to pursue within the given framework by a management system that appears both quite controlling and intent on providing autonomy for lower units. This has affects for the local office's work with immigrants that is generally perceived to be lacking.

### 5.3 Summary

Traditionally, the public employment services have been quite hierarchical, centralised and formalised. Criticism of the PES organisational structure in the 1980s and 1990s focused on unnecessarily detailed and hierarchical management, unclear division of labour and responsibility, and limited local adjustment. Twenty years later, these are still some of the organisational issues being addressed in the latest round of reform. The 2001 reform intends to create a formal organisational structure that is flatter, with less distance between units and a simplification of management that provides lower units with more autonomy. This gives the organisation administrative flexibility and a broader mobilisation of local features to provide efficient and targeted local needs. However, since the reform is also based on an increasing rationalisation (cost-efficiency) of services, due to significant reductions in resources, it makes goal achievement more complex in practice.

The practices of the new organisational reform show some difference between intentions and effects. The structural reorganisation with increased attention to decentralisation and adjustment to regional and local circumstances appears modest.

For the local employment office, formal organisational structure reflects the extent of its resources rather than an adaptation to local job seeker demographics while effects of decentralisation are perceived to be insignificant by many of the respondents. The considerable specialisation, including the centralisation of back-office functions shows an emphasis on standardised services and rationalisation due to economic cut-backs. The possibility then, of offering more holistic and individual services seems paradoxically enough restricted by new structures that impede full implementation according to the structural ideals of the reform.

Other features of the current organisation, its administrative policies, also indicate a difference in intent and practice. For the local employment office it is a challenge to balance both the generalist and specialist goals, with the resulting prioritisation of core organisational objectives. Policy features that have remained virtually unaffected appear to be PES dependence on quantitative goals as measures of organisational achievements and successes, the inconsiderable local discretion and PES work with immigrant job seekers which is still characterised by an undue emphasis on labour market programmes. And while PES social profile is experienced as being more genuine than before,<sup>14</sup> efforts towards the assistance of immigrant job seekers is generally perceived to be lacking. For an organisation that expends considerable effort and resources in improving its organisation and its services, why do effects of reforms appear to be modest and mixed? The next chapter provides some possible answers to this and other questions.

## 6. ANALYSIS

As mentioned earlier, the Norwegian public administration has experienced administrative reform based on the ideals of market management and comprising various elements of NPM. These new concepts of management have aimed at improving efficiency, goal orientation and results. There is an implicit understanding that there will be a strong correlation between the newly implemented measures and their effects. The new management style and ideals that steer and control these organisation are however, not introduced into a vacuum. Organisations are affected by their history, traditions, structural characteristics, tasks and environment (Christensen, 1991). For the public employment services this means that the management reforms of greater efficiency, flexibility, a goal and result orientation and bottom up impulses have been introduced into an organisation that long has been characterised as hierarchical, ruled by detail management and unclear goals and structure. The juxtaposition of these management ideals and practices may partially explain why some features of the organisation do not entirely correspond with formulated intentions.

This chapter discusses the features of PES development, current structure and administrative policies and effects of this framework both generally for the organisation and specifically for a lower level unit within the PES. The analysis will also try to explain why some intended instrumental effects appear to be lacking. The analysis uses the three theoretical perspectives (instrumental, cultural and myth) and expectations drawn up in the theory chapter. It may be worth noting that these approaches are used complementarily in order to provide a more complete analysis and understanding of this multi-faceted organisation.

### 6.1 The Instrumental Perspective

In an instrumental perspective there is a clear expectation of organisations as rational systems that are designed to achieve specific goals. Most of the elements of organisational structure consist of various mechanisms for controlling organisational

behaviour. Hierarchy, formalisation, centralisation and modes of co-ordination are all devices to help ensure that organisational managers can shape and influence the behaviour of participants who carry out the operational activities (Scott, 2003). An instrumentally orientated organisation will therefore exhibit clear and consistent structures that optimally manage to steer organisational behaviour. In addition, the organisation will be preoccupied with efficiency, results and effects.

The empirical chapters on the developmental and current features of the public employment services show that while instrumentality is high in organisational intent, it is less so in practice. The following section outlines the main empirical findings and analysis for why some instrumental effects are not as significant as expected at the outset of the study.

#### 6.1.1 *Instrumentality and the General Organisation*

##### ***Instrumentality and the Development of the General Organisation***

There are a number of features that have remained more or less constant throughout the public employment services' history and have also had great affect on its current organisation and policies.

Despite growing increasingly larger in size (measured by personnel, expenditures and the number of services), due to the growing complexity of its task environment, the public employment services has spent most of its life span as an administrative unit that had been managed through traditional bureaucracy. Under municipal aegis, employment services were autonomous, neutral units that later became regulated by laws, rules and regulations after nationalisation. Structural characteristics that remained after the centralisation of services have been the functional division of labour with the directorate as advisory body, regional offices for co-ordination of regional interests and local employments offices for service operations. This division of labour supported the hierarchical model in decision-making and kept a clear line/staff distinction. And as a result of centralisation, the public employment services was able to enter new areas of employment assistance and provide special assistance to weaker job seekers and those lacking labour skills required by the labour market. The integration of a group of new job seekers did not

create intra organisational pressures as labour market policies were still expansive. Goal preferences were consequently not established.

Calls for increased instrumentality are one of the most significant changes in PES history. Starting in the mid 1980s, a series of reforms took place, intending to improve the functioning of the public employment services. Reasons for reforms appeared to be instrumental in nature (as they usually occurred during economic slowdowns and higher unemployment) and were generally politically motivated and top-down processes.

Reforms pointed at the considerable political steering of the PES, which reduced the agency's professional autonomy, and at poor management, which had identified problems in goal and organisational structure (extensive horizontal and vertical specialisation) as well as administrative reporting. Solutions to the various reforms were similar and addressed issues such as the simplification of management, greater flexibility through decentralisation and the improvement of services through improved evaluations. The introduction of goal and result management, also intended to revise management was not entirely unproblematical either. While GRM was being used extensively, the management system appeared inadequate in catching principal strategic perspectives and employed a measurement system that was not considered particularly satisfactory or relevant in use.

Past reforms and reorganisations have shown that not all changes have been great and that not all intended instrumental effects have taken place. While the PES has agency autonomy, it has also been strictly controlled and steered by political organs. With strong hierarchical control, it seems unlikely that decentralisation and delegation have filtered through the PES, allowing decision-making authority to be present further down in the organisation, which is seen particularly well in one reform where decentralisation is equated with additional resources at staff level. A surprising find, the repetitive nature of reforms, illustrates that while the organisation has had an instrumental orientation; organisational reforms have been individual processes, unlinked to previous evaluations and solutions. This means that the PES has not utilised its rich material and knowledge of experienced organisational problems and

solutions in a systematic way for later improvements. An odd approach, particularly as it would have been efficient and expedient to consider previous failings and inefficiencies before relaunching “new” solutions. Reform in the organisation also led to the evaluation of GRM as being increasingly focused on the measurement of activities and not actual achievement of organisational goals. In practice, therefore, the system appeared to have favoured quantifiable short-term goals despite awareness (by the PES, the Ministry and Statskonsult) that a system for qualitative goals is necessary to measure the quality of services and assess the achievement of long-term goals.

The development of PES organisational structure and administrative policies clearly has well defined features of an instrumental organisation, though some effects appear moderate and mixed. While some newer instrumental features have been adopted (the use of result achievements), others such as decentralisation have been more difficult despite the fact that both are elements of the GRM system. Considering the repetitive nature of reforms, adjustment appears incremental and indicates that the PES has structures that inhibit greater changes and may have inhibited the latest reform.

### ***Instrumentality and the Current (General) Organisation***

The current structure and administrative policies of the PES has a number of typically instrumental measures whose objectives are to standardise, regulate and steer organisational behaviour. Most of these features are “inherited” from earlier periods in PES history, though they are modified in their current state. Organisational hierarchy is significant as vertical specialisation sets clear and unequivocal rights and responsibilities for the exercising of organisational roles. The directorate has further developed its role as strategist while regional employment offices have been reorganised to improve the considerations of regional circumstances. While this has brought the regional offices “closer” to local offices, it has not changed the traditional assignment of tasks or division of staff/line operations. However, the latest reform, with its emphasis on developing the role of local offices with increased autonomy,



local discretion and the strengthening of professionals in decision-making, brings new impulses into previous configurations of decision-making within the organisations.

Previous reforms show that decentralisations have been an incremental process. And in practice, decentralisation has had an ambiguous and at times contradictory position within the organisation. In theory, decentralisation, delegation and professionalisation are varied mechanisms for ensuring control and co-ordination, but also for legitimating and supporting the exercise of discretion. They build in flexibility and encourage initiative in the technical core of the organisation, reducing its dependence on and responsiveness to hierarchical directives (Scott, 2003:284). The presence of some loose coupling is therefore an important structural and operational feature of most organisations (ibid). On the one hand, centralised goals and priorities must be clear and consistent throughout the entire public employment services as it carries out national policies. On the other, the PES must be able to take into account the regional and local variations in order to be truly efficient and flexible, especially in an organisation that relies so heavily on a high degree of formalisation to regulate and standardise organisational behaviour. So, if the PES is to offer services such as “individualised packages,” decentralisation must be real or the collective rationality of the organisation risks lowering the standard and quality of services as employees hold on to standard routines, procedures and decision-making in work.

In the PES, it appears as if there is significant delegation of formal authority whilst simultaneously being restricted in practice. There may be a number of reasons for this. Perhaps the organisation has still retained control and centralisation of significant aspects of decision-making that are also relevant to local decision-making. Add to this the common finding that the organisation is politically steered, on occasion, even on ad hoc basis. In circumstances where the agency is greatly controlled from above, it will be difficult to provide autonomy to lower units. The distribution of decision-making authority has traditionally been found in the upper levels of the PES and not further down, despite continuous efforts during reforms to rectify this balance.

The public employment services have other mixed structural features that question the real level of autonomy. PES organisational structure incorporates both general and specialist employment services with an unclear division of labour. In the assistance of immigrants, empirical evidence has shown that the unit in which immigrant job seekers are offered services within the PES (i.e. Intro or local office) does not necessarily depend on their qualifications or language skills. Assistance may in fact be determined arbitrarily at times. Empiri also shows that it is the general goals of the organisation that are prioritised over specialist services to immigrants, and that the level of autonomy at lower level is modest.

The functional specialisation of the PES, while an old structure reflects modern production orientated business with its currently extensive horizontal specialisation. While the functional model works well for a service organisation seeking to cover some general, less complex, standardised services, it may not be as suitable for providing individualised services for job seekers with more complex needs. The splitting up of particular services, with larger centralised units performing tasks for entire regions, implies a standardisation of services and a weakening of staff level. While this creates a unit with special competence, the extent of the functional structure (particularly with additional centralised units) appears as a direct contradiction to the latest ideals of providing holistic quality services and seems more connected to structural rationalisation than an improvement in the general quality of services per se. For the lower level units this may result in job brokerage solutions being less prominent at local level, in addition to the further specialisation and standardisation of services. For job seekers without adequate resources this may be a poor solution.

The large size of the PES is often associated with structural differentiation. Differentiation can increase the heterogeneity of work among the various units and create problems of co-ordination and integration. This is seen through the directorate's efforts to integrate PES initial Introductory Programme services to immigrants within the organisation, the general problems of co-ordination brought up during reforms, and goal heterogeneity within the organisation. The introduction of goal and result

management appears to have made some difference, at least with regards to the development of a common goal structure.

Despite GRM, main findings indicate that the organisation still has a fairly hierarchical administrative management. Historically, there has been a more pragmatic adjustment to the use of organisational management reforms and GRM, which may reflect some limitations of using such a system within an organisation such as the PES. The public employment services remain strongly managed through the detailed regulation of its goals and priorities, which are received from the Ministry, operationalised by the directorate and implemented by lower units. Reforms and goal and result management have lead to more and more formal decentralisation which transfers decision-making authority to lower units (local and regional), especially in technical operations. The transformation of regional offices to a local head office may be indicative of more responsibility and delegation of authority lower down in the PES. However, this may also act to shorten the distance between directorate and local employment office level and give more room to centralised priorities rather than autonomy for local level.

It is said that the larger the organisation, the more it relies on formalisation and centralised decision-making. But these can also be viewed as alternative controls. Increased formalisation can expand an organisation's opportunity to decentralise decision-making, as they diminish the reluctance to delegate responsibilities down the line, counting instead on formalised standards to restrict the scope of discretion (Scott, 2003:266). The public employment services are characterised by a high degree of centralisation and formalisation without the subsequent increase in discretion. Here both measures appear to reinforce each other. Centralised goals are priorities within the different levels of the organisation and formalisation of goals, achievements, routines and procedures support these, rather than encouraging discretion. So while structural possibilities may exist, these are restricted in practice.

PES management system may further complicate matters. According to Christensen and Lægreid (2001), GRM has an in-built tension between autonomy and control which is clearly expressed in the public employment services. While on the

one hand it intends to give organisations greater autonomy in the choice of means and the use of resources it also results in a more rigid and detailed result reporting system so that superior levels can exercise management and control (ibid). These pressures are seen through the management of the PES by the Ministry and in the directorate's running of the agency. The extensive detailed reporting carried by units for superior levels limits their practical opportunities to exercise autonomy, and goes some way in explaining why decentralisation, local discretion and the empowerment of local professionals has had moderate effects. Professional employees at the local PES are subordinated to an administrative framework.

Questions also arise concerning the goal and result management system's innate tendency to emphasise quantitative goals in the measurement of relevant organisational achievements. Result measurement is difficult as goals are too complex to be defined by one indicator, they often measure activities and efforts, more than effects. They may also be manipulated (Christensen and Lægveid, 2002). The job brokerage scandal of 2000 brings up the inherent temptations for tactical employment practices in a management system that solely rewards quantitative results, while the lack of more relevant goals (until 2000) for assistance of immigrants shows how difficult it may be to translate management practices into relevant, practical results for a service organisation.

So far there has been evidence that not all general formal structural devices connote tight coupling of activities within the PES and that old structures may not necessarily fit new instrumental goals. Whether this applies to the local employment office will be seen below.

### 6.1.2 *Instrumentality and the Local Organisation*

Generally, research findings point to the local employment office's functioning being greatly affected by the framework of the general organisation. The general framework is seen to restrict local level instrumentality, as practical decentralisation and opportunities to incorporate local considerations are problematical in practice.

Respondents from the local employment office present a view of an organisation where autonomy in decision-making is insignificant and hampers work,

as centralised management and result achievements sets limits on what goals may be pursued and how. Goals consist of both value and factual premises (Simon, 1956). In an organisation such as the PES, where the value premises of goals are precise and specific, they have a greater impact on resulting decisions. As value premises are assumptions about what ends are preferred, they set clear guidelines about what behaviour is organisationally desirable. The possibility of local participants being able to make decisions with a larger value component to address local considerations seems unfeasible, as this level of authority does not appear to be delegated to the local level in practice. On the contrary, centralised goals appear to be most guiding for decision-making behaviour by respondents within the local organisation.

So while both GRM and the latest reform speak of increasing professional authority and greater local organisational flexibility, there is little evidence that this has been a result for the local employment office. However, as these aims in the reform have not specified the extent of decentralisation and specific areas of delegation (beyond technical differences), it is difficult to evaluate more precisely why effects appear less significant. One possible explanation is that the organisation's centralised goals take precedence over local ones.

Respondents, are in agreement over the focus result achievements set by superior levels have for guiding organisational work. In work with immigrants, target setting leads to the unnecessary placement of immigrants on programmes to achieve set results. PES organisational emphasis on goals, priorities, programmes and pre-set targets that prioritise immigrant placement on labour market programmes, makes it a difficult organisational response to avoid. It has become a standard solution to assisting immigrant job seekers. While respondents may be sceptical of the expected achievements and the quality of services for immigrants, they add that disposable resources are essential in determining how work may be carried out. Other solutions such as job brokerage are considered time consuming. And as the local organisation confronts high task demands, it chooses to reduce the amount of information processed (as it cannot increase its capacity to handle more information) by relying on standard operating procedures.

Another feature that permits less instrumental efficiency at local level is the structural organisation. The local employment office is organised according to functional specialisation, but has not added new structures that would provide the necessary flexibility in organising and working on the basis of local needs and demographics. Considering in particular, the large population of immigrants that the office serves, employment services towards immigrants appear insufficient. While a department working with immigrants still exists, the number of employees working with them has been halved and respondents mention that services have deteriorated. By retaining some personnel to work with immigrants, the organisation still appears to be carrying out necessary goals and routines. However, based on respondents' views, the present organisation of assistance to immigrants seems a natural adjustment to service functions rather than the formal exercise of building local structures. In addition, employee positions are no longer connected specifically to immigrant services, but to the organisation as a whole, which provides greater organisational flexibility, but also makes the framework for working and prioritisation of immigrants unclear and difficult in a unit that claims scarce resources.

The lack of a more relevant organisational structure that meets demographical needs, real local priorities and employee positions that are versatile for general rather than specific services, shows low instrumentality in providing assistance to immigrants. It reflects instead, a more pragmatic approach to goals by the organisation that is dependent on the level of resources and the priority of general services. It therefore appears as if the local employment office is unable to exert much influence in determining service provision which limits their actions and reduces efficiency in considering specific local needs. At the same time it also shows that the expected goal heterogeneity and goal conflict with the general organisation is resolved easily by the prioritisation of centralised goals over local ones. It does not therefore seem that local inertia prevents more goal orientated services for a priority group, but that the general organisational goals are the overriding interest.

PES organisation, policies and services are grounded in their instrumentality. However, it appears as if the only method by which the PES can reach its latest reform

objectives is by decentralising much of the decision-making within the framework of administrative rules. Otherwise, the organisation risks that its general goals take precedence over local considerations, which are PES' next step in improving the quality and "individuality" of services. Since, the limited affects of management and reform suggests that other forces than efficiency and outright instrumentality are at work, the next sections examine the institutional aspects of the PES.

## 6.2 The Cultural Perspective

A central assumption in the cultural perspective is that organisations, in addition to being technical instruments that mobilise people into reaching set goals, are also products of social constructed belief and rule systems (Selznick, 1957). These systems exercise enormous control over organisations, both in how they are structured and how they carry out their work.

Empiri has shown that organisational reforms and certain aspects of GRM have had limited consequences for decision-making behaviour in the public employment services. This is not entirely surprising from a cultural perspective. In the following section, the cultural perspective is used to shed light on what has happened, and what has not happened in the organisation. Here one will see how certain elements of the New Public Management have been in conflict with the central norms, values and professional traditions of a state administrative unit.

### 6.2.1 Culture and the General Organisation

#### *Culture and the Development of the General Organisation*

From a Cultural perspective, organisations with particularly "heavy" traditions are expected to provide considerable defences for basic values and norms within the organisation (Wærness, 1989). The extent to which an organisation is "heavy," depends on structures such as size, age and traditional legitimacy. The public employment services are a typical example of a "heavy" institution, despite the fact that it was not state-run until the 1960s. From establishment as autonomous municipal units, the management of services has followed typically traditional administrative values. And from a handful of educated men, who strived for neutrality and equality in

service provision, to a state run agency that upheld laws, regulations, rules and guidelines, it has been a representative bureaucratic organisation. In a historical perspective, it has spent more time growing consecutively larger, more specialised in services and hierarchical in structure than it has spent being “efficient” during the past 25 years. This suggests that the traditional framework, with its hierarchical management and structure, still exists to some degree and leads the organisation to counteract and modify some elements of the successive reforms.

Aspects of GRM and reforms that have had little effect are the level of decentralisation and autonomy for lower units within the PES. While management and reform have stressed features of more decision-making authority for lower units that consider regional and local differences in the labour market during the past 20 years, effects have been moderate. This suggests that hierarchy in management, a traditional structure of administration, has modified the new values and forces as they are incompatible with older features. Changes that have taken place have therefore been incremental. Here one may see how the “control” function of goal and result management has been successfully lodged in the organisation due to its compatibility with older values of hierarchical management that has existed within the unit over a long period.

Other features have not been so successful from a cultural perspective. Certain aspects of goal and result management, in particular the definition of goals and achievements have had great affect in redefining organisational activities, despite a past that does not incorporate the quantification of achievements. While a report by Statskonsult (1999) points to the introduction of goal and result management as being forced to start with, it also describes a later agreement on the management form. It is though, still somewhat surprising that the ideology of equality in the provision of services was replaced by efficiency without causing more ripples. Perhaps this is because the organisation has been unable to withstand the more or less successive reforms that continuously have stressed improvements and efficiency, and especially after the obligatory implementation of GRM with its focus on quantifiable results. Would it have been possible for an organisation such as the PES, which is anchored in



the administration of societal and political values, to legitimately oppose political and administrative reforms that stood for improvement? DiMaggio and Powell (1983:150-54) describe coercive isomorphism as creating a different framework for organisations. According to Christensen (1991a:65), state organisations must acknowledge and accept authorised concepts which give less room for freedom and differentiation than with voluntary isomorphism (though this will be discussed more fully in the following section on myths in the PES). It is also worth noting that some of the changes that were brought into the organisation lead to an increased technical orientation in the core of the organisation, making it harder to withstand or modify these elements.

It is therefore unsurprising that one aspect of the public employment services with the greatest cultural component is the work the organisation has carried out with weaker job seekers. There has been no external pressure to change working methods or priorities, and there has been little change in the technical measurement of this activity until 2000. Since the establishment of labour market programmes as a method of improving employment skills and opportunities in the 1960s, it has remained virtually unchallenged during organisational evaluations and improvements. Generally, when the position of weaker job seekers is highlighted, such as during the 1991 reform, solutions consist of more programmes and increased programme participation to improve employment opportunities. This applies to immigrants as well, where various annual budget letters, programmes and corporate plans set targets for immigrant participation in programmes despite various concerns for the inadequacy of this organisational solution. It appears as if the dependence on the utilisation of programmes is an organisational routine when dealing with job seekers, a routine which has remained uncontested partly because it is an old organisational response and partly because there have been no instrumental pressures to change response pattern.

The development of the PES therefore shows an organisation where culture has laid a distinctive framework for some of the work processes carried out within the organisation. The extent to which an organisational culture pervades the current PES will be discussed below.

### ***Culture and the Current (General) Organisation***

Certainly culture explains why some of the instrumental effects of the latest elements of reform are difficult to see in practice, especially as these predominantly feature greater delegation of responsibility and increasing employees' authority and providing more room for local discretion. Empiri analysis from the previous section suggests that centralised goals and traditional management have modified previous trends of decentralisation. The latest reform appears, so far, to have had modest consequences for current administrative policy and organisational structure in the public employment services. While the functional roles of support versus operations are potentially developing (as seen through the role of a regional head office's support of local units rather than direct management), changes have not manifested themselves on a larger scale as indicative of the reform.

This suggests that administrative policy regarding the practices of delegating responsibility has not yet filtered throughout the organisation, and/or that other older structures and values not espoused formally by the organisation (hierarchy, centralisation and formalisation) are still having considerable affect. It is possible that these older structures, which are not formally advocated by the public employment services, have become intrinsic values that are practiced informally by superior levels, as it allows for more organisational control from above, of functions and behaviour that determine PES functioning, stability and its future. It explains partially why changes in the goals of the organisation (not professed goals but operative goals) are modest. According to Scott (2003) this would be a case of an organisation selling out its goals in order to grow or survive. There is no room for bottom-up impulses as this may lead to undermining the organisation in the long-run. Consequently, an older organisational culture will limit the effect of formal structure on organisational behaviour, and have a greater effect if the formal structures appear ambiguous too. However, organisations with precise goals and more specialised and technical operations are seen to reduce the opportunity of social forces in affecting its development (Scott, 1998). This explains why the continuous focus on result

achievements prevalent in the current organisation is an activity that is given considerable resources and attention within the organisation, and by all levels.

As yet, no goal preferences over PES' principal goals have been made. While operative goals have become more limited and specific over time, general goals and in particular, the goal of job brokerage, enjoys homogeneity of outlook towards the meaning and role of the organisation. The lack of goal preferences stems from a time in PES history where it was possible to pursue all goals equally due to expansive labour market policies. It is therefore unsurprising that no preference structure exists today that ranges the importance of PES goals despite the relevance and need for one. The goal of job brokerage remains a stable value and has been the public employment services' primary objective over a hundred years. Its homogeneity as a value and norm for the organisation is undisputed as it is both traditionally instrumental and symbolic for organisational survival.

Other current features of the organisation that are affected strongly by culture are the formal structures that steer and regulate organisational behaviour. Much of PES organisational structure is still based on traditional features, which is interesting for an organisation that has been through many reforms. Service provision continues to be based on functional specialisation, centralised goals pervade the organisation and the division of line and staff still appears distinct, despite efforts to "empower" lower units. Some of the older structures therefore do appear to have significant value and relevance for contemporary organisation, despite the fact that these features also tend to impede the organisation in achieving new goals, such as holistic customer services. The (extensive) specialisation found within the organisation hampers PES ability to co-ordinate relevant services around the individual, and is more in line with older ideals of standardised and equal services rather than individualised and optimal solutions for job brokers with heterogeneous employment backgrounds.

Existing goals that break with cultural tradition, are the quantification of goal achievements that is difficult to avoid in an organisation that has been "forced" into acceptance of efficiency and results as a part of its new administrative management system. GRM is obligatory for state administrations and though effects are varying,<sup>15</sup>

result measurement remains particularly important to the PES because it has often been defined and used to measure PES successes during times of crisis (high unemployment). This means that while the organisation has had a long-term and more qualitative goal focus before, the new organisational emphasis on result achievements takes precedence and has a stronger effect for behaviour in the PES.

Empiri therefore points to culture having had a greater effect on the public employment services' administrative policy and organisational structure than previously anticipated. But how has this affected the local employment office? Will there be perfect symmetry between the cultural values and norms found in the general organisation and those carried by the local employment office? The next section examines local features, practices and processes.

#### 6.2.2 *Culture and the Local Organisation*

Parts of organisational reforms and the goal and result management system have had limited effects for the organisational processes and practices of a local employment office. As with the general organisation, effects of decentralisation, greater local discretion, and professional autonomy have been modest in practice for the local employment office.

Over a long period of time, the organisational structures and the level of autonomy in decision-making at the local level has been strongly regulated by superiors. Prior to the latest reform, the organisational structures of local offices were implemented on the basis of centralised requirements for basic functions, while detailed management covered operational activities. In practice, and despite GRM and reforms emphasising increasing decentralisation, it appears as if high levels of informal centralisation and formalisation have resulted in a limited role for local management activity. In respondents' view there has been little room for autonomy in practice and hardly much effect of decentralisation either.

In addition, detailed reports of result achievements are seen to be more guiding for organisational behaviour than considerations of local job seeker needs which suggests that centralised goals and formal activities are still very important within the public employment services. Consider for example, the measurement of achievements

and successes. Respondents are entirely sceptical of the measurement of activities as an indicator of good quality and well planned work. Quantitative measurements, however, still exist and appear to provide obligatory guidelines for necessary organisational activity. They have little bottom-up support and are not compatible with the traditional workings of the PES. But, there is a great centralised focus through detailed management reporting that ensures organisational priorities are followed up and that there are appropriate reactions for deviances, which leaves less scope for the cultural forces of the local organisation.

Surprisingly enough, the local employment office still exhibits some traits that do not correspond entirely with organisational goals and appear to be particular features of the local office and perhaps even remainders of an older organisational culture. This is seen through the manner in which respondents at the local office have started to work qualitatively with job seekers again, despite the common perception that there is little room for this type of work. Since it is not perceived as being a general organisational goal and priority, this value comes from the respondents themselves and illustrates that a local organisational culture may exist, though it is unlikely that it can work subversively in terms of general organisational goals. The local organisation may therefore have its own values and own specific cultural component, even though it is far too soon to speak of institutionalisation within this unit.

So, reforms and a new management system do not mean that cultural effects do not exist at all. As mentioned above, the general organisation has had few changes in organisational structure due to a dependence and favouring of previous structural configurations. The lack of specific local structures designed to meet local needs may also be explained by the fact that the local employment office lacks a history of opportunities to be more active or innovative in management. These new demands for local organisational efficiency are not matched by the organisation in previous experiences. So even if decentralisation is real during this reform, the local organisation may lack previous experiences in its ability to innovate new ideas for structure. This may partly support the empiri at local level, which show specific

structures that exist for immigrants but no newer structures that realistically reflect local considerations. Here, it appears as if the existence of a small unit working with immigrants is an older feature of the office that has simply been downsized, and that the present structural organisation is a consequence of routine solutions to new demands.

A cultural response also reflected within the general organisation is the local employment office's use of labour market programmes for immigrant job seekers. As mentioned earlier, respondents prioritise the placement of immigrants on labour market programmes, even in cases where it may not prove to be the best solution. It seems a response to an in-built mechanism for securing organisational efficiency at an aggregated general level. This response reflects the organisation's traditional method in working with the immigrant job seekers. What is surprising, however, are respondents' acknowledgement of this as a policy for immigrants and their scepticism of it as a good solution. While the general organisation is not critical of the use of labour market programmes for immigrants, it is interesting that the local unit takes a different view. So while general organisational values and norms do exist and have effect on the workings and behaviour within an organisation, these may not be all the same values and norms reflected within another unit of the organisation.

Organisational culture does help to explain why some expected instrumental effects have been lacking, in particular those elements of reform and management that have emphasised the new orientation and future of the PES; the position of local units. However, organisational culture has had a limited impact in meeting some aspects of reforms, particularly the goal achievement trend. This can be explained by a "hostile" environment where basic conditions for a thriving administrative culture have not been present. Reforms have been brought in during a time of crisis, they have continuously sought to make the core (the production of services) more technical through setting quantifiable results and have had a strong external environment (political) that has demanded specific changes. The degree to which changes have taken place has therefore been dependent on how strongly these have been pushed by outside forces and the extent they have corresponded to previous traditions. There are however, other

theoretical explanations for organisational processes and practices, and the last perspective considers the relevance of myths on understanding differences between what is intended and what is practiced.

### 6.3 The Myth Perspective

Meyer and Rowan (1977:352) argue that organisations that develop structures conforming closely to institutional requirements maximise their legitimacy and increase their resources and survival capabilities. As the institutional environments of contemporary public service organisations are imbued with ideals and expectations of good organisation and services, words such as customer orientation, efficiency and performance gain new meaning for organisational functioning and survival.

Empiri on the public employment services shows that both its development and its current structure and policies have been affected by prevailing beliefs for appropriate management and structures, particularly by specific elements of the New Public Management. As some effects appear to be moderate from an instrumental perspective, it is important to examine whether some aspects of the PES function for purely ceremonial purposes.

#### 6.3.1 *Myths and the General Organisation*

##### ***Myths and the Development of the General Organisation***

There is little doubt that the public employment services' development has been affected by its institutional environment, which has become increasingly important in establishing belief systems that the organisation must both recognise and endorse in order to relate and function to its environment. These myths travel globally, transcend national borders and lay precepts for appropriate organisation. Reforms of the PES during the past 25 years show the dominance of concepts such as efficiency, performance, autonomy and decentralisation that are derived from the NPM and OECD advice on management of the public sector. These “vocabularies of structure” (Meyer and Rowan, 1977:349) make explicit the prioritisation of organisation and management along prescribed lines and the evolution of an organisational language,

both of which are present in the public employment services, though more modestly in a global comparative perspective.

In the public employment services, organisational reforms appear to have become routine exercises as they are standard, reoccurring activities. Reform ideas are brought up at regular intervals and propose to solve similar problems with similar solutions. While reforms are generally intended to be instrumentally founded and aspire to bring beneficial improvement to the PES, there is a symbolic scope, especially as most reforms have occurred at a time when the PES has been pressured by its environment and real changes have been required. The fact that some of the larger reforms have been politically initiated only increases their symbolic value.

Organisational structures and policies that have had an almost perpetual focus but lacked significant effects in PES history are those that have intended to support decentralisation in decision-making and provide more autonomy for lower level units within the PES. As effects are lacking for an organisational ideal that has been advocated by reforms and a goal and result management system, it is quite possible that the ideal has been loosely coupled to operational identity in practice. The history of the PES suggests a traditional bureaucratic organisation, with a highly centralised locus for decision-making that is at odds with delegating any more authority further down within the organisation. In addition, as management reforms have continually been initiated and implemented from the top-down within the PES, it has been a controlled process and the extent of delegation left to superior level. While decentralisation has been imported into the organisation, there appears to have been a more pragmatic adjustment to it which makes the concept function as a “shell”.

Other instrumental effects that appear to be lacking are connected to the reforms that have been carried out. While PES reforms have generated a wealth of information on the organisation, each evaluation refers to its own definitions of problems and solutions without examining previous studies that have dwelled on similar problems, processes and solutions (with the exception of the project PES-93, in which follow up reports mention findings from the main report). There has been no systematic use of previous experiences and knowledge that is added to later reforms. Each evaluation



stands on its own feet and is a new discovery. For an organisation with high instrumentality, it would have been more appropriate to build on previous understandings of organisational failures than simply reinventing the same principles and strategy. It implies inefficiency in using resources and a lack of interest in actually improving organisational behaviour. However, while organisational forgetfulness may not be instrumental, it facilitates plural reforms, especially where they are similar in content by avoiding cynicism. This is especially true in an organisation that has been through so many reforms that organisational members may become sceptical about reforms as a method of solving problems and improving that performance (Brunsson and Olsen, 1997:41-42).

The second aspect connected to the lack of instrumentality and reforms in PES history are the number of reforms that have taken place. Organisational changes often take time, making it difficult to assess effects, particularly if one reform follows another. They are also very expensive in terms of time, expenditures, efficiency and the good will of participants. The number of reforms within the past 25 years may set a limit on the instrumentality of these reforms as they may occur too often for significant effects to take place. Organisational reforms and the management system may therefore become a way of showing the effectiveness, rationality and modernity of an organisation without having to implement actual changes (Brunsson and Olsen 1997) Reforms and management structures carry and reflect the contemporary rationalised myths (Meyer and Rowan 1977) found in the institutional environment in order to appear with an aura of respectability (Selznick 1949: 260) and be seen as functioning optimally and legitimately.

The development of the public employment services has therefore seen the use of symbols during reforms and for the implementation of the goal and result management system in Norwegian administration. It also contributes to explaining the lack of decentralisation and autonomy in a historical perspective.

### ***Myths and the Current (General) Organisation***

A gap between what is known and what is done by the organisation still exists in the current structure and policies of the public employment services. These differences are found in the same areas as those during PES development.

The organisational structure of the public employment services is still characterised by ambiguity in terms of real provision for decentralisation and autonomy for lower level units. Previously, trends of decentralisation have been continuous and incremental, suggesting that this has been difficult in organisational practice. The talk generated during organisational reforms has in no way equalled the extent of decentralisation, and this also seems to be the case for the latest reform. The latest reorganisation has had central values that signal a flatter structure and a transfer of resources closer to customers through increased professional authority and local discretion. However, the reorganisation has not clearly defined or made precise, the extent of decentralisation or the areas in which it will apply, especially in comparison to the main organisation's principal goals. If the PES is opening up for regional and local differentiation in services, surely these premises will need to be clarified in order to assess where differences in services may be permissible and supported and where they are not. By not defining these processes that give local employment offices more autonomy, local offices are most likely respond to calls for more local discretion in the traditional manner, which previously has been seen as insignificant.

The public employment services have both general and specialist structures to assist various groups of job seekers. These conflicting requirements may in fact stem from the institutional environment, as seen through the phasing out of employment services solely for immigrants on ideological grounds. The PES now provides special assistance to immigrant job seekers, whilst simultaneously offering services within the general framework so as not to segregate them and to keep them "mainstream." As service provision can be arbitrary and the division of labour unclear, the structure is not optimal but continues, probably due to its legitimacy in combining equality and special needs in a typically Norwegian way.

Apart from groups with specific needs, the reorganisation of PES units in Oslo and Akershus has led to the establishment of centralised organisational structures for specific tasks that can be said to defeat the ideological reasons behind the latest reform. The “holistic” approach to customers is undermined somewhat by splitting up particular tasks that deal with employment assistance. This is the case for job brokerage, which is PES principal goal and has been centralised into a speciality unit. One may question the importance of an ideology behind a reform if it can be partially replaced by cost-efficiency arguments. The rhetoric, in this case, appears stronger in documents than for real effects in the organisation of PES services.

The goal and result management system consists of the contradictory feature of being both controlling (on a detailed level) and providing autonomy simultaneously. In practice it appears as if the organisation is still greatly controlled through formal achievement of goals and targets without the adjacent autonomy. In addition, some features of the GRM system, such as the means-ends chains, appear to be devoid of their original meaning and have come to constitute goals in themselves. The difficulty of demonstrating the performance levels of intangible public services appears to lead to the adoption of activities that are used in good currency in order to gain legitimacy. The public employment service therefore appears to pursue and prefer restructuring on “commercial lines,” as is seen by the comprehensive system of reporting result achievements, despite their modified relevance as indicators of success. These organisational activities are easily translated to and understood by the institutional environment.

The prevalent use of labour market programmes is an example of an organisational activity that is arguably devoid of immense meaning. There is a tradition of using labour market programmes on special needs groups within the PES which continues despite ambiguous practices and results. Prioritisation of immigrants by the public employment services has generally entailed placement on programmes rather than a stronger job brokerage orientation. Since effects are questionable and practices occasionally dubious, programmes appear to take on a more ceremonial appearance that demonstrates both to the group and external constituents that essential

functions and services are being carried out. A long term myth (the importance of programmes) such as this can be explained in an organisation with instrumental demands because the environment has never demanded more instrumental effects for this group, nor have they been asked for by the job seekers themselves who may lack resources.

Myths, therefore, provide plausible and reasonable explanations for some of the differences that have been found in the development and current structures and policies of the public employment services.

### 6.3.2 *Myths and the Local Organisation*

The presence of ambiguous structures in PES main framework means that the potential of myths and ceremonies affects other parts of the organisation, including lower level units. As with the general organisation, structures and policies appear to show the existence of myths, particularly in areas where instrumental effects are lacking.

Local discretion and increased autonomy at lower level has been limited according to respondents. In their view, decentralisation within the organisation has been insignificant in the past as the organisation has retained a hierarchical position in steering the agency. Management signals from above are said to be more important than adjustment to local considerations. This is seen through the lack of specific new structures that consider local demographics more than the centralised goals. The discrepancy therefore, between allocated autonomy and experienced autonomy, is significant and suggests the incorporation of institutional requirements (the value of autonomy at lower levels) that are loosely coupled to the operational structure. It allows the organisation to display contemporary structural elements that conform to institutional configurations whilst simultaneously preserving some of the organisation's autonomy.

In fact, the revived interest in local discretion and autonomy are hampered by other new structures that are derived from cost-efficiency calculations and in no way support the holistic customer approach or the delegation of more authority. New centralised structures are actually viewed by respondents as making efficiency more

difficult. The inherent conflict between contradictory organisational features and centralisation of tasks that do not correspond to organisational principles undermines arguments for instrumentality.

The local office's work with immigrants is an area with large myth and ceremony potential. Respondents say that services have deteriorated and that work with immigrants is defined by the result achievements set for the group in annual plans. "Success" is then a constructed definition that covers an organisational activity-placement in programmes- rather than the goal of employment. As one respondent points out, while achievements look good on paper, effects are poor and short-term for immigrant job seekers.

The prioritisation of immigrants as a target group is also questionable. One respondent has queried how the PES really intends to prioritise work with immigrant job seekers, as the number and demands of obligatory goals leaves little room assisting immigrants in a manner which would prove conducive for employment purposes. The implementation of policies pertaining to immigrants is difficult in practice as there are problems of organisational capacity in reaching the given organisational goals. It is perhaps not so strange that a respondent working close to the PES, adds that considerable differences have existed between what is said and what is done by the PES for its prioritised groups. While some structures are intended to help PES employees work with this group (such as allowing for local differentiation) others, such as the prioritisation of centralised goals counter and limit possibilities, leading to questions concerning the instrumentality of services to immigrants. Talk of allowing for local considerations that support local features may therefore simply be ceremonial.

Ceremony can provide a reasonable explanation. Balancing goals for equity and efficiency is problematical for the local head office. Work with immigrants may be characterised by some dubious practices in programme placement. Job brokerage is seen as far too time consuming an option to be pursued in a system that still favours the short-term, quantifiable goals that are set within GRM. All of these issues and tensions lead to less instrumental effects for immigrant job seekers. It shows how

contemporary norms and values concerning the appropriate way to organise can be so powerful that organisations conform to these even in situations where no specific technical advantages are gained. This suggests that not all features of the PES exist for purely instrumental-rational purposes, but can function as ceremony for external constituents. Apart from strong prevailing belief systems, parts of the administrative policy and structures appear to remain on a purely symbolic level as problems of capacity, knowledge or authority are countered (Brunsson and Olsen, 1997; Meyer and Rowan, 1977).

There may therefore be a number of reasons why myths exist in the PES. In addition to instrumentality, an organisation's survival depends on how it conforms to the institutional pressures. It is likely that the political initiatives to reform the PES have increased its symbolic scope and that the diffuse ideology has often been used as an anchor for improvements. This has resulted in the loose coupling of specific features of policy and structures to its operational core. Significant effects are lacking, despite much talk, while elements of reform such as autonomy remain obscure through lack of definition or the commitment of resources for realistic achievement. There is enough ambiguity, particularly seen through contradictory and diffuse elements in PES management and structure, to give the symbolic perspective some relevance.

## 6.4 Summary

A number of New Public Management elements and modernisation ideals have played an important role in organisational reforms and management of the public employment services. These elements are, as mentioned earlier, not introduced into a vacuum but into organisations with their own distinct history, traditions, structural characteristics, tasks and environment (Christensen, 1991). Whether these have instrumental effects or result in principally superficial changes or myths is largely dependent on the extent of an organisation's institutionalisation, the types of changes that are introduced and the situation.

The PES is principally an instrumental organisation. It has well defined instrumental structures that manage, steer and regulate organisational behaviour. Some

features have stayed more or less constant in PES history, such as the functional division of labour and the life/staff distinction. Others have been added with mixed effects. Decentralisation and increased autonomy have been limited, while the result achievement in GRM has been successful. The differences in organisational reception and effects have interesting explanations.

It appears as if some of the older structures in the PES have passed down virtually unchallenged during reforms and GRM, and stayed on as informal structures that affect organisational behaviour. As such, traditional hierarchy and centralisation impede the more “recent” implementation of decentralisation. The newer values that delegate authority and autonomy to lower level units interfere with a distinct bureaucratic history. Other aspects of instrumental structures, such as the result system in GRM, have been successful due to the intense institutional pressure, the technical natures of reforms and perhaps even its “controlling” aspect. Culture therefore has played a more significant role in the processes and practices of the organisation than expected at the outset. In particular, PES work with immigrants appears coloured by its culture. Assistance of vulnerable job seekers follows a traditional response to a new group, through prioritisation on labour market programmes. It is certainly relevant to question whether all old structures are relevant to newer problems, especially as the customer group is markedly different than those served in the 1960s and as practices today appear to lack the intended instrumentality.

Local employment offices, as the technical core of the organisation, are efficient instruments for goal achievements, particularly in areas that are strongly centralised. However the local employment office’s lack of autonomy also demonstrates a lack of other organisational instrumentality, as it does not appear able to provide services on the basis of local needs. Do myths explain the differences in this instance and of others where there is a gap between what is said and what is done? Of insignificant adjustments to management concepts? Certainly the PES stands as a relatively hierarchical organisation with a highly institutionalised environment. The loose coupling of structures in talk and action is present. Added to this is the presence of new structures that are a contradictory mixture of old and new elements that co-

exist simultaneously within the organisation. It opens up a greater potential for the use of symbols and ceremony within the public employment services and creates a buffer that is relevant in protecting it from regular outside impulses.

This may explain in part why so many of the reforms with a number of intelligent organisational solutions on paper have fewer significant effects. While measures exist at the general level to secure flexibility lower down within these organisations, they are not fully utilised at a lower level. This consequently impedes the efficiency and flexibility of the local office in providing the new focus, good and appropriate services to job seekers that form the cornerstone of the new management ideal.



## 7. CONCLUSION

Contemporary public service organisations face a number of challenges. Demands for quality and cost-efficient services are ever increasing by a well-informed public and media. States often perceive public organisations as bureaucratic administrations that need to be modernised and reformed. Criticism lies in the lack of professional management and leadership. But what are the solutions that are intended to revitalise the public sector? Is it the establishment of market based management concepts, based primarily on theoretical economic principles of incentives and rationality? Or are these solutions mostly empty linguistic concepts in an institutionalised environment, where other and more traditional values dominate and continue to steer modern day organisations (Lunde, 2000)?

This study has examined a public service organisation with a long institutional history that has met contemporary demands for instrumentality since the mid 1980s – the public employment services (PES). Reforms and reorganisations have primarily been based on elements of the New Public Management and have introduced new and different principles for the administration of a public organisation. In addition, as reforms have acted as carriers of the institutional environment, they have also introduced prevailing values that break significantly from older bureaucratic traditions. This process of introducing and implementing new elements of administration, some of which have been divergent to older practices, will have met internal resistance by the organisation. This study has therefore tried to understand and develop knowledge of what occurs in this meeting of old and new, partly through examining the development of the organisation and its effects on current organisational practices, and partly through an analysis of how the organisation's practices are translated by a lower unit and through its work with a specific group of job seekers.

In this last chapter, a summary of the study's main findings and analysis will be provided. This will be followed by a discussion of theoretical implications from the study and the possibility of generalising. In addition a section on the further development of PES' services will be outlined.

## 7.1 Summary of Findings and Analysis

Public administrations have been affected by a cluster of popular reform ideas in international discourse that stem from the political and economic new liberalism of the 1970s. These reforms have presented new solutions, based on elements of the New Public Management, to improve administration and efficiency through structures such as devolution, performance management and contracting. The public employment services are one of many state administered units that have undergone reform.

The point of departure of this study has to been to examine the organisational structure and administrative policies of the public employment services over time, in order to understand features of the organisation's development that contribute to explaining current processes and practices (structures and policy) related to decision-making within the organisation. The organisation is studied both on a general level, and, though less detailed and contemporaneously, on the level of a local employment office. In order to highlight how policies and structures over time affect organisational behaviour, PES work with immigrant job seekers is reviewed.

The empirical research has shown that the instrumental aspects of the organisation's structures and administrative policies, including past reforms, have had mixed effects. The 2001 reform in formal structure and policy to create a flatter organisation, with considerable autonomy for lower units and a holistic approach to customer services, appears moderate. That the changes appear more formal than practical, limits the ability of the local employment office in considering local discretion and autonomy. Other considerations such as the holistic approach to customer services also face challenges from other aspects of instrumentality, namely cost efficiency and rationalisation. Instrumental effects are not lacking in the organisation, but it is clear that some elements have enjoyed more success within the public employment services than others. The goal homogeneity found within an organisation with many different goals is certainly a resounding success.

It is precisely because of these mixed effects of structures and policies that it has been advantageous to use theoretical perspectives that emphasise different features of organisations. The instrumental, cultural and myth perspective have been used

complementarily in order to provide a better and broader understanding of this multi-faceted organisation.

The modest effects of formal structure and policy seen through the instrumental perspective can be explained by institutional features that have set a framework for what has been possible to revise and reform in the organisation during the past 25 years. History explains why trends of decentralisation, the autonomy of lower units and local discretion have been modified by traditions of centralisation, formalisation and hierarchy. While these elements are no longer formally espoused by the organisation, they continue informally through the presence of older and distinct features such as the staff/line division or new ones such as the “controlling” side effect of goal and result management. PES work with immigrants can also be explained through the cultural perspective as it consists of a traditional response, a cultural bias, in working with immigrant job seekers.

The cultural perspective also helps explain how an institutionally heavy organisation may be unable to withstand other more radical reforms that break with previous traditions. Goal and result management consists of elements that are divergent from traditional PES values and this is especially true of the manner in which PES measures and quantifies its achievements. Despite the opposition in values and norms, it is another instrumental feature that has been successful within the organisation, probably due to the attention it has been paid by “external” actors, political and administrative and its technical character. The institutionalised environment contributes to explaining other factors in PES’ history, such as the spate of reforms starting in the mid 1980s. The recycling of what has become routine problems and solutions carry the vocabularies of structures (Meyer and Rowan, 1977) familiar with myths and ceremonies. The steady and continuous talk of more autonomy for lower units, from the concept of the upside down pyramid in the early 1990s through local discretion anno 2001, has still not had the intended effects. Where structures and policies have been ambiguous over time in the PES, myths have had the potential to explain differences between the projected and its practices. That instrumentality is low can be seen through the unclear division of labour, the unclear

prioritisation of immigrants, centralised goals that steer in practice, and the prevalent use of placement in labour market programmes rather than unqualified job brokerage as an organisational response. There is a considerable difference that exists between what is articulated and what is provided in practice. Myths therefore explain some aspects of PES functioning.

Combined these perspectives have provided insight into organisational processes and practices that would not have been possible from a singular theoretical approach to this organisation.

## **7.2 Implications and Generalisation**

### **7.2.1 *Theoretical Implications***

The reason for using three theoretical perspectives has its base in an assumption that organisations, as a rule, consist of elements from the various approaches. In this study, the three perspectives - the instrumental, cultural and myth - have provided important contributions to understanding why the formal structure and administrative policies have had modest effects for organisational practices. Analysis has shown that it is not particularly satisfactory to run parallel studies, but to view the empiri from integrated perspectives.

There is a need and potential for working with theory in a more integrative manner than is generally found within the mostly modernist perception of organisational functioning. Certainly, it is possible, to view organisations such as the public employment services from the importance of symbolic and cultural elements of the social world. Though reminiscent of open-natural perspectives, postmodernist theories are far reaching and embrace organisations as consisting of multiple, complex, and ambiguous elements. Postmodernists believe that organisations are cultures and that their essence is to be found in their symbolic order (Scott, 2003). For this study, it might have entailed “deconstructing” the analysis and finding the opposition of logic within documents and texts. Looking at the plethora of ambiguous and contradictory elements found in material on the public employment services, this would no doubt have proven fascinating. While it may not have been in the scope of this study to carry

out a post-modernistic interpretation of the PES, it is relevant to point out that other theoretical approaches are always possible and enriching.

### 7.2.2 *Generalisation*

What are the possibilities for generalisations based on the theoretical perspectives and the main findings from this research? Part of the criticism aimed at isolated case studies is that they do not provide a foundation for scientifically valid generalisations. However, there are a few arguments that favour the possibility of providing some general insight and understanding of other state administrations and their functioning.

First, the public employment services is historically an institution that has upheld the traditional bureaucratic norms and values in organisational work through rules, regulations, laws and due process that is representative of Norwegian state administrative units. Developmental features, in structures and administrative policies, may therefore be similar for other older state organisations who may share typical features of some hierarchy, centralisation tendencies, formalisation and functional specialisation.

Second, the public employment services have been affected by the same type of institutional environments as those that affect other state institutions. All state administrations have been exposed to mandatory goal and result management, as a measure to improve efficiency and management of public administrative units, and to the recent trends of decentralisation and devolution. While the PES may be particularly vulnerable to its environment due to its politically sensitive position, other state units have also been exposed to elements of the New Public Management, though to varying degree and success. The organisational models that have been implemented by state organisations have therefore been relatively similar, which makes it possible to review the structural arrangements and administrative policies of other similar organisations. Perhaps, it is even possible to infer that other politically sensitive administrative units will share ambiguous and contradictory features similar to those of the PES.

The study can probably show some general tendencies of state organisational behaviour or practices under pressure from their environment (Christensen, 1991). The

difficulty of translating goal and management result achievement into real and relevant measurements will be a challenge for most units that deal in less technical and more “diffuse” goals. It may also result in leading to behaviour that is not equally instrumental in practice and give rise to interpretations where organisational institutionalism and myths may provide additional understanding.

The main argument against general interpretations is that the organisation that is examined is considered unique, in terms of its own distinct history, traditions and culture (*ibid*). It may therefore be problematical to compare it to other state units that have formulated different goals (technical level), have been established in a different timeframe or exist on another administrative level. The public employment services have strong developmental features that will be dissimilar to recently established administrative units who may incorporate stronger features of GRM and consequently more consistent features. It is also a state agency that is controlled significantly from above. These differing features have resulted in a mixture of structural elements that simultaneously provide and detract from the agency’s autonomy and may be specific to this particular organisation.

Another problem, pointed out in methodological considerations are the number of respondents that have been interviewed at the various levels. While the intent has certainly been to provide a study in the breadth of the public employment services, by examining general features, it would have been relevant to interview more respondents. However as this has not been possible due to the logistical limitations of this study, respondents have been chosen due to their central background in working with key processes of the public employment services.

### **7.3 The Road Ahead**

In a state increasingly preoccupied with professional management and efficiency, it seems an idiosyncrasy that evaluations and reforms have not had greater effects and that the existing administrative management of diffuse and democratic ideals has not been more questioned. The concept of goal and result management, which is partly based on elements of the New Public Management, supports norms and

values that emphasise economy at the detriment of the legitimate and democratic values found in the traditional political-administrative system (Christensen and Peters, 1999). The study has identified some general organisational and management limitations that impede the public employment services' quest for high quality and efficient services, including its practices of a democratic value, the assistance of vulnerable job seekers. The organisation and management system appears to need improvement in the following areas:

- A long-term focus on organisational goals.
- Greater consistency between goals, structures and practices.
- An examination of the use of labour market programmes for immigrants, systematic evaluations of programmes based on relevant empiri and organisational routines than enhance the job brokerage aspect.
- Systematic evaluations affect future planning and also include qualitative measurements of services.

In addition to these, the PES needs to clarify its agency's position contra political organs for how detailed PES operations should be controlled politically. This is particularly important in light of the significant political steering of the agency which limits its autonomy.

The public employment services are entering a new phase in its organisational history which may well result in a number of changes for issues such as its goals and structures and also take more consideration of democratic values. Various processes have been debated in White Papers during the past years and culminated in decisions to proceed with an integrated approach to services from the public employment services, the social services and national insurance, known as the "*samordningsforsøket*." The principal goal is to encourage and support more people to work and to make welfare administration more efficient. Implementation is still at project stage for test regions, while the mandated council examines various organisational solutions for what has traditionally been a mixture of state and municipal services. One possibility is for all services to be made municipal, which would make PES tendencies of incremental decentralisation and local discretion a lesser problem, whilst

simultaneously provide a more holistic approach to customer services with related agencies.

Alongside the development of integrated welfare services is the establishment of programmes that target amongst other immigrant job seekers. Both the Programme against Poverty (see St. melding no. 6, 2002-2003) and the Introductory Programme (see Ot.prp. no 28, 2002-2003) are intended to improve the employment opportunities of specific groups, including immigrant job seekers. While the Poverty Programme targets the unemployed through traditional methods such as participation in labour market programmes, the Introductory Programme clearly defines the rights and responsibilities immigrants in the targeted group have, through participating in a combination of schooling and employment practices (including programmes). And while it is still too soon to draw any preliminary conclusions about the work that has been started, there is significant potential for change that will contribute to improving some of the structures of the public employment services.



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Morten Sonniks, Head of Office, Job Centre in Oslo's Borough of Grunerløkka-Sofienberg, 11.12.02

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<sup>11</sup> Norway's unique position stems from its relative affluence and the acceptance of prevailing governance form.

<sup>2</sup> In this study, immigrant refers to the definition in White paper no. 39 (1987-88) and in usage by the PES. It applies to people with a foreign background residing in Norway, regardless of their reason for emigration. The term applies to refugees, asylum seekers, immigrants and their families who may be first or second generation. The PES has now redefined its definition of immigrants to follow the one in use by the Norwegian Statistics office and only includes first generation immigrants.

<sup>3</sup> "Arbeidslinjen" advocates and promotes the traditional value that all people who can work do so and has so far had a strong basis in Norwegian society. In labour marked policies this consists of activating the unemployed through education, labour market programmes or monitored employment. (Rensvik, 1992:5).

<sup>4</sup> It is possible that figures have changed as Oslo's 25 boroughs have been reduced to 15 since the 1.1.2004.

<sup>5</sup> Bergen opened the first office in 1897, followed by Oslo in 1898, Trondheim in 1902 and Stavanger in 1903.

<sup>6</sup> While White paper no, 14. 1977-78 emphasised "work for everyone" the level of ambition previously seen in trying to secure full employment was toned down as the 1970's international recession set in and again in the 90s with the term unemployment equilibrium.

<sup>7</sup> Olsen suggests that the widespread support for management reform resulted as a trade off against the existing and unacceptable alternative of privatisation. Emphasis turned to solutions improving efficiency, public services and the political management of administration through goal and result management (Christensen and Lægheid, 1998: 33).

<sup>8</sup> This resulted in the adoption of goal and plan management by the PES in 1985, two years before the government made corporate plans for state organisations obligatory.

<sup>9</sup> Unemployment dropped shortly after this expansionary strategy and was countered by down sizing of offices, personnel and funds.

<sup>10</sup> Hovland (ibid) writes that there may be certain amount of cynicism as participation in labour market programmes means that one is no longer registered as unemployed.

<sup>11</sup> See for example the unrevised programme letters ("Programnotat") for 1995 and 1995, according to Hovland (1997).

<sup>12</sup> In a comment to Ministry's proposal letter regarding the reorganisation of the PES in 2001, the Norwegian handicapped association (NHF) was rather critical and asked for the focus to be on real alternatives. The association saw more responsibility and accountability. In addition they perceived a lessening of political responsibility and that the rhetoric on cost efficiency "hid" the fact that resources were significantly reduced

<sup>13</sup> Corporate planning is based on Drucker's *Management by Objectives* and emphasised that public organisations had to clarify their goals and compare them to achieved goals in practice (Christensen, 1991:11). Christensen (ibid) points out that such macro controlled attempts of standardised management form are unusual.

<sup>14</sup> In *Rus og Avhengighet* (Drugs and Dependence) 2001:2 (page 10), PES director general mentions that the Ministry of Health and Social Affairs has meant that the PES has not emphasised bringing marginal groups to working life enough.

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<sup>15</sup> Statskonsult (1999) points to research that shows GRM as an administrative reform that has had greatest impact and significance in Norwegian public administration, though studies often conclude with results of leaders being more inclined to emphasise the relevance of reforms than others. Research on reform indicates that the results of these reforms are cautious and incremental with significant gap between rhetoric and practice and that researchers often conclude with the new management systems as having come to supplement existing rules, routines and traditions rather than supplant them (ibid).